FINANCIAL TIMES

No. 27,656 Thursday September 7 1978 ***15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pta 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Thorpe axed by Steel

Jeremy Thorpe, former Liberal leader, has been dropped from the party's shadow Cabinet. He was its spokesman on foreign affairs.

Mr. David Steel, Liberal leader, has taken over from Mr. Thorpe "as a temporary measure." Mr. Thorpe is on bail facing charges of conspiracy to murder Norman Scott and inciting David Holmes to murder Scott.

Mr. Thorpe implied he had not been given advance notice of the move. "This is interesting news," he said. "No doubt in due course Mr Steel will be letting me know what he has in mind." Page 5

Indian flood toll grows

The Indian flood disaster is known to have killed 1,000 people but the final death toll could be many times higher. Damage is estimated at hundreds of millions of dollars. A belt of land from Pakistan to the Bay of Bengal is under water, hundreds of villages have vanished and at least 40,000 tonnes of wheat is needed in Uttar Pradesh alone.

Election 'No'

Rollo Hayman, the white joint Interior Minister in Rhodesia, said it would be administratively impossible to meet the target date of December 31 for black majority rule. Back Page

Summit opens

President Carter held separate talks with Prime Minister Begin of Israel and President Sadat of Egypt as the Middle East summit got under way at Camp David. A news blackout has been imposed in a bid to make the two leaders relax and talk freely.

City clean up

The Government is to spend £15m over the next 3½ years cleaning up inner city areas. Peter Shore, Environment Secretary, said the cash would go to the 29 districts most in need. Page 5

Professor dies

Professor Henry Bedson, the smallpox expert, has died in hospital five days after being found with his throat cut. Prof. Bedson headed the Birmingham University medical unit in which smallpox victim Janet Parker works.

Iran clampdown

Iran has banned all public meetings and marches without official clearance amid continuing violence in which 37 people have died this month.

Rotten luck

Peter Arnold, a gambling expert, says in a new book that British football pools punters are getting the worst deal offered to gamblers anywhere—because the share-out for winnings amounts to only 30 per cent of the total pool.

Plus ca change

A woman's magazine poll conducted in the light of moves towards "liberation" has found that the most urgent priorities for women aged 18 to 30 are a husband, two children and a house — preferably in the country.

Briefly . . .

Express Newspapers launches its new tabloid daily on either the 9th or 16th of next month. Back Page

Argentine motor racing driver Carlos Reutemann is leaving Ferrari to join Lotus.

Soviet prosecutor wants suspended five-year sentence for American Francis Crawford, facing currency charges.

Police broke open a toilet on the Vienna-Ostend train and found a man lighting a bomb fuse.

Japanese drank a record 364,320,000 gallons of beer this summer.

BUSINESS

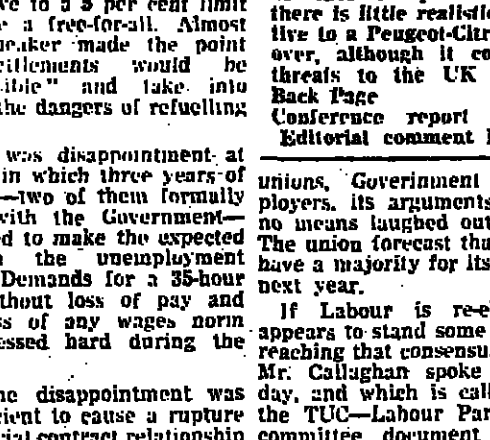
Equity gain held; Gold up $3¼

● EQUITIES consolidated earlier technical gains, and the FT Ordinary Index closed unchanged at 503.5.

● GILTS recorded gains of ⅛ in shorts and the Government Securities Index closed 0.01 up at 70.53.

● STERLING closed unchanged at $1.9425 and its trade-weighted average stayed at 62.3. The dollar moved erratically in foreign exchange markets and its depreciation narrowed slightly to 9.1 per cent (9.2).

● GOLD rose $3¼ to close at



$213¼ in London.

● WALL STREET was 3.19 up at 895.10 just before the close.

● DIAMONDS totalling 173 carats have been recovered in the first month's test work at Conzinc Riotinto of Australia's Ashton diamond exploration venture in Western Australia. This gave a fresh fillip to diamond exploration stocks. Page 23

● DAVY INTERNATIONAL and Unigate have both assured shareholders that they will fulfill the spirit of Stock Exchange takeover rules and inform shareholders of increases in capital. Back Page

● LAKER AIRWAYS has reached advanced negotiations with the European Airbus Industrie group for up to six B-4 version Airbuses and options on at least four more, in a deal worth up to £75m. Page 6

● CONTINENTAL CAN of the U.S. is considering setting up can manufacturing plants in the UK. Page 6

● DATSUN dealers in the UK have appealed to the Government to rescind its agreement restricting imports of Japanese cars, because the restriction has not helped BL Cars. Page 5

● TATE AND LYLE has earmarked £20m for the development of new outlets for sugar-cane and other energy rich crops as sources of energy and chemical feedstocks. Page 6

● SCOTTISH Development Agency is likely to have spent its £300m budget before its allotted five years are up, and substantial funds would have to be made available for aid to Scottish industry to continue, the agency chairman has warned. Page 6

● MANY GOVERNMENT publications are not being distributed because of a dispute between HMSO and printworkers.

● BROOKE BOND LIEBIG subsidiary has been prohibited by the Australian Government from taking over an Australian company, Bushells Investments. Page 23

COMPANIES

● SUN ALLIANCE interim results for the six months to the end of June took almost £12m off the company's stock market capitalisation, when underwriting losses of £10.5m against a £2.8m profit were revealed. Back, Page 20 and Lex

● GUARDIAN ROYAL Exchange Assurance increased its investment income in the first half of 1978 from £31.3m to £35.8m, raising pre-tax profits by £3m to £29.5m, in spite of increased underwriting losses. Page 20 and Lex

TUC stays firm in resistance to 5% pay limit

BY CHRISTIAN TYLER, LABOUR EDITOR

The trade union movement yesterday refused outright to accept the Government's wage control recipe for keeping down inflation which the Prime Minister wil make the cornerstone of his general election campaign.

Unions of every political shade voted at the Trades Union Congress in Brighton for a long motion rejecting the 5 per cent *ceiling on Phase Four settlements.*

Even the few who voted against the motion agreed that the Government was wrong and unrealistic in trying to impose such a limit for the next 12 months.

The conference simultaneously declared that Mr. Callaghan was wrong when he suggested to delegates on Tuesday that the alternative to a 5 per cent limit would be a free-for-all. Almost every speaker made the point that settlements would be "responsible" and take into account the dangers of refuelling *inflation.*

There was disappointment at the way in which three years of restraint—two of them formally agreed with the Government—*had failed to make the expected* dent in the unemployment figures. Demands for a 35-hour week without loss of pay and regardless of any wages norm were pressed hard during the debate.

But the disappointment was not sufficient to cause a rupture of the social contract relationship on which Mr. Callaghan will be depending as evidence that the Conservatives would have a hard time with the unions if they won the election.

Although the National and *Local Government Officers Association* failed by a very large majority to commit Congress to long-term reform of collective bargaining with negotiations on "flexible guidelines" between unions, Government and employers, its arguments were by no means laughed out of court. The union forecast that it would have a majority for its proposals next year.

If Labour is re-elected, it appears to stand some chance of reaching that consensus of which Mr. Callaghan spoke on Tuesday, and which is called for in the TUC—Labour Party liaison committee document approved by Congress yesterday, "Into the Eighties: An Agreement."

Mr. Len Murray, TUC general secretary, set the tone of the debate with a speech admitting *failures of the social contract, but stressing that the difference* between the TUC and the Government was one of method not aims.

He warned the unions not to be deceived by the Conservatives' promise of free collective bargaining when it was coupled with a "strait-jacket" of monetarism, market forces and the use of unemployment as an economic regualtor.

But he also warned Labour of the trouble that rigid pay norms caused, and accused the Government of under-estimating trade union memories of the 1974-75 inflation.

The resolution, although not mentioning a 5 per cent limit, declared opposition to Government interference in wage bargaining and to any form of restrictive incomes policy.

It also set out a list of bargaining priorities, like the 35-hour week, the needs of the low paid and the importance of restoring lost differentials for skilled manual and white collar workers.

Congress carried unanimously motions calling for more radical economic policies, a shorter working week, and more expenditure on public services.

THE TUC yesterday called for adequate safeguards for jobs and the British motor industry in any takeover of Chrysler UK. Union leaders will today consider a report suggesting *there is little realistic alternative to a Peugeot-Citroen takeover, although it could pose threats to the UK industry.* Back Page

Conference report Page 7; Editorial comment Page 18

Invisible trade surplus well below 1977 level

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S surplus on invisible trade has so far this year been well below the average level of 1977.

The main reason is a higher level of U.K. contributions to the EEC. But there has also been a deterioration in the net balance on shipping, notably on dry cargo, and a decline in the net surplus on travel as the number of foreign vistors has levelled off and more British residents have gone abroad.

The invisibles surplus between April and June was £333m—£27m less than originally estimated, but £38m higher than the exceptionally low first quarter total. Over the first half of 1978, the invisibles surplus has been running at 37 per cent less than the quarterly average last year which was itself nearly a fifth lower than the 1976 peak.

The second quarter balance of payments figures also showed a deficit on the combined current and capital accounts between April and June for the first time since the end of 1976. This deficit was £1.49bn compared with a surplus of £173m in the previous three months and a total surplus of £7.36bn last year.

The second quarter deterioration was wholly on the capital account due largely to changes in the demand for sterling. This was partly associated with the recovery of the dollar in April and market concern about domestic monetary developments in the UK.

Consequently there was a sharp decline in overseas residents' holdings of sterling assets. Official sterling balances, including government stocks, dropped by £233m in the quarter. Private balance declined by £154m, and there was a reduction of £34m in holdings of gilt-edged stock by overseas private residents. This was the first fall in such holdings since the beginning of 1976, in the interim purchases amounted to well over £1bn.

The outflow was also reflected in a rise of more than £350m in UK banks' external sterling lending (mainly on export credit) and a more rapid rise in UK bank lending abroad in overseas currencies than in bank borrowing from abroad.

Investment by overseas companies (including oil companies) in their UK subsidiaries, which had been exceptionally high in the first quarter, was exceptionally low in the second quarter with a difference between the periods of £570m. This again probably reflected the changing demand by companies for sterling.

There was an improvement in the current account between the quarters of £515m, on seasonally adjusted basis, though the turnround was slightly smaller than estimated.

Consequently, the cumulative current deficit in the first half of 1978 is now estimated at £119m, compared with £84m previously, and the £30m deficit for July could now be revised. This suggests that the April budget

Continued on Back Page
Tables Page 5

P & O chairman takes new role

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

PENINSULAR and Oriental Steam Navigation Company *announced its expected first-half* profits collapse yesterday and disclosed at the same time that Lord Inchcape has taken over as chief executive as well as chairman of the group.

News of the boardroom change, whereby Mr. Sandy Marshall retains his post as managing director but clearly loses some authority, re-kindled rumours in the City that the board is heading for a new internal battle to follow the 1972 epic when seven directors quit over the group's resistance to a Bovis takeover bid.

But the City was relieved that a slump from £26.9m pre-tax profit in the first six months of last year to £1.1m this year, has not meant any change in interim dividend. The shares rose 2½p to 86½p.

There was a strong official denial that Lord Inchcape's change of role represented anything other than a desire on his and the board's part for closer *personal involvement* during a difficult period. Mr. Marshall would be freed "to supervise and co-ordinate the company's operations."

Unofficially, some of the company's directors were prepared to admit that not everyone was happy with the change, but dismissed the idea that the Board was split or that further changes in Board membership or company structure were in the pipeline.

Lord Inchcape, it was said, was keen to devote more time to P & O after a period when his other business interests, notably his chairmanship of the Inchcape Group, and a year as president of the General Council of British Shipping in 1976-77 had claimed much of his attention.

Three years ago, Lord Inchcape resigned as a non-executive director of Burmah following criticism that he and fellow part-time directors had not kept abreast of the company's problems.

Yesterday's dismal results were mainly caused by deterioration in the bulk shipping and general cargo divisions of the company.

Although measures are being planned to reduce the company's stake in the crisis-stricken gas carrier field, joint ventures under negotiation with gas producing countries have not been finalised.

On the dry bulk side, a fleet reduction programme stretching *to the end of next year is in* hand. So far this year the bulk division has sold four ships and Anglo-Nordic, in which P & O has a 50 per cent stake, has sold another four. Even so, the bulk division is not expected to show profits before 1980.

**Results Page 20
Lex Back**

POLL DATE COULD FOLLOW CABINET MEETING TODAY

Tories woo the unions

BY RUPERT CORNWELL, LOBBY STAFF

THE CONSERVATIVES last night stepped up the pre-election propaganda battle with perhaps their most skilful effort yet to prise rank and file trade unionists away from their traditional support for the Labour Party.

The attempt, in the latest Tory television party political broadcast, could not have been better timed: midway through the Trades Union Congress, and on the eve of a vital Cabinet meeting which could be followed by an announcement of the Prime Minister's general election plans.

Imminent

But although October 5, *followed by October 12,* were still the overwhelmingly favourite dates among politicians of the three major parties yesterday, Mr. James Callaghan's precise intention remains unknown. At Downing Street it *was merely said that an* announcement was "pretty imminent."

The Conservative broadcast was the fourth—and among the deftest and most effective—devised by the Saatchi and Saatchi advertising agency.

The television production, featuring four shadow Cabinet members, was preceded by a curtain-raising radio broadcast in which fictitious working men rehearsed in a pub setting the arguments in favour of a Tory-run economy, where faster growth and lower unemployment would be guaranteed.

The broadcast avoided any hint of confrontation with the unions. Instead, it dwelt on what seems certain to be a dominant theme of the Tory campaign, that Labour has failed to deliver on its claim that it was the party which best defended working people's interests.

It had always been the Conservatives, and not Labour, who had most helped the working man when in office by securing more jobs, higher real wages and lower taxes, said Mr. Michael Heseltine, shadow Environment spokesman, who was one of the four main speakers.

"Now, you may find it strange to vote Conservative. . . . Some of you may even feel you are being disloyal to your fellow workers if you vote Conservative," Mr. Heseltine said, just 24 hours after union leaders in Brighton pledged their support for Labour.

"But the point is that millions of your fellow workers are already voting Conservative . . . To vote for a party that can get us out of the rut is not disloyalty—that's common sense."

Mr. James Prior, the shadow Employment Secretary, promised to restore "responsible and realistic pay bargaining, free from Government interference, because it is a common objective of all the people of this country."

No mention

Significantly, however, Mr. Edward Heath does not seem to have been rehabilitated by Tory Central Office, even though he has made peace of sorts with his successor as party leader, Mrs. Margaret Thatcher. The broadcast's comparisons of respective party leaders moved directly from Sir Harold Wilson and Mr. Harold Macmillan to Mr. James Callaghan and Mrs. Thatcher, with no mention of the former Tory Prime Minister's 1970-1974 Administration.

Labour asks for £1m

BY OUR LABOUR EDITOR

THE Labour Party asked trade unions yesterday to contribute £1m towards its cost during the *forthcoming general election.*

Mr. Ron Hayward, general secretary, said after a meeting with union leaders in Brighton for the TUC that their response was without parallel in his experience. "All realised the seriousness of the next general election," he said.

The £1m that Labour is seeking is equivalent to two-thirds of the total fee paid each year by the 58 affiliated unions. A written appeal will be going out next week.

The only declared contributions to the party so far are £100,000 each from the General and Municipal Workers and the National Union of Mineworkers.

***The party itself has already* started spending on a poster campaign over the past week. That has used about £50,000 from its reserves of £[illegible],000. Mr. Hayward said everything was being thrown into the campaign short of leaving the party bankrupt.**

£ in New York

—	Sept. 6	Previous
Spot	$1.9[illegible]-9450	$1.9440-9460
1 month	0.52-0.46 dis	0.46-0.41 dis
3 months	1.44-1.38 dis	1.24-1.14 dis
12 months	4.95-4.65 dis	4.45-4.35 dis

Big tax rises in French Budget

BY DAVID CURRY

PARIS, Sept. 6.

THE FRENCH Cabinet today approved a FFr 459bn (£55.3bn) budget for 1979 incorporating sharp increases in taxes on petrol products (about 5 per cent), alcohol (10 per cent) and tobacco (10 per cent). Altogether FFr 6.9bn of additional revenue is being raised to limit the budget deficit to FFr 15bn.

The original 1978 budget was FFr 8.9bn in deficit but, by the end of this year, the shortfall will have grown to FFr 27bn.

President Giscard d'Estaing promised at the recent Bonn economic summit not to reduce the budget deficit to the initial target as his country's contribution to co-ordinated growth.

The other main features of the budget are the general increase in tax thresholds and a reduction in amounts which can be offset against tax for business expenses by a wide range of professional workers.

The budget is based on the assumption that from 1978 to 1979 the rise in gross domestic product will be of 3.7 per cent; of imports 7 per cent; of exports 6 per cent; of household spending 3.8 per cent and of business investment of 5.5 per cent. Retail price increase of 7.9 per cent is forecast compared with a probable rise of about 10 per cent in prices this year.

M. Maurice Papon, Budget Minister, described the Government's plan to combat unemployment as "the priority of priorities." The Cabinet had approved this morning the creation of a FFr 3bn fund to encourage employment in regions worst hit by business closures.

Altogeher, the Government's social spending, including that on aleviating unemployment, rise by 24 per cent and public investment will grow by 14.8 per cent to help sustain economic activity.

On the direct tax front, income-tax thresholds will be lifted by a uniforme 9 per cent except for the top two categories where the increase wil be only 5 per cent. These alterations account for most of the FFr.7.5bn devoted to lightening the tax burden.

Under the new thesholds, the maximum 60 per cent rate of tax will apply to slices of income *exceeding FFr 250,100 a year,* (£30,000). Au married man with two children on FFr 88,000 a year (£10,600) will pay 7.35 per cent to the Government.

The Cabinet has decided to tackle the problem of deduction of fictional expenses from the tax liabilities of professional workers. It is having FFr 25,000 a year the maximum deduction for business expenses. It is also imposing a FFr 40,000 maximum on the amounts which can be deducted under the provision allowing professional workers a

**Continued on Back Page
Further details, Page 2**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
BICC	135	+ 5
Barclays Bank	358	+ 6
Burton A	183	+ 5
Country & New Town	27	+ 3
Distillers	198	+ 4
Dowty	279	+ 12
Executex	42	+ 4
Haggas (J.)	128	+ 6
Hawker Siddeley	248	+ 6
Liberty	200	+ 10
Norcros	100	+ 3½
Pentos	106	+ 4
Time Products	187	+ 8
Walker (J.)	128	+ 5
Guthrie	383	+ 10
Central Pacific Min'ls	450	+ 23
Conzinc Riotinto	336	+ 18
RTZ	240	+ 8
Selection Trust	466	+ 10
Southern Pacific Pet.	180	+ 10
Tanks	187	+ 10
FALLS		
Cadbury Schweppes	55	− 2½
Clark (M.)	162	− 6
Decca A	440	− 13
Pearson Longman	236	− 8
Pearson (S.)	222	− 6
Phoenix Assurance	244	− 8
Sun Alliance	534	− 24

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EUROPEAN NEWS

Portuguese Premier faces key test in Assembly

By Jimmy Burns in Lisbon

TODAY. TEN days after his formal appointment as Portugal's new Prime Minister, exactly as the constitution demands, Sr Alfredo Nobre da Costa, a 55-year-old engineer, will present his Government programme to Parliament. The 263 delegates of the Portuguese Assembly of the Republic will then have tomorrow and the weekend for "reflection" before returning on Monday at the beginning of what promises to be a gruelling five-day debate.

At the end of the debate, scheduled for late Friday night or early Saturday morning, any of the major political parties is constitutionally allowed to present a motion of rejection on the Government programme. If the motion is carried by over half of the delegates. Sr. da Costa and his team must resign.

Latest indications suggest that the Government's chances of survival in next week's crucial Parliamentary test are slim.

Recently both the Socialists and the Centre Democrats (CDs) whose six-month-old Government alliance collapsed at the end of July, declared their opposition both to the form and content of Sr da Costa's *Government of "political independents and technocrats."*

The Socialists. who with 102 seats in the assembly are Portugal's major parliamentary party, dissociated themselves from Sr da Costa when he was designated as Prime Minister by President Ramalho Eanes early last month. They claimed that the appointment of a man without any formal party links to lead the country contravened Article 190 of the Portuguese constitution.

This states that a new Prime Minister should be appointed with "due regard being had to the election results." The Socialists won the country's last general election with nearly 35 per cent of the vote.

The Conservatives. though initially more reserved about Sr. da Costa's appointment recently came out strongly against the content of his Government, which they accuse of being "to the Left of the Socialists." In their view the Government's self-attached label of "political independence" hides an unofficial agreement reached by Sr. da Costa and the Communist Party.

The Conservatives claim that three ministers—Sr. Carlos Correica Gago (Foreign Affairs). Sr. Costa Leal (Labour) and Sr. Acacio Pereira Magro (Social Affairs)—are all "pro-Communist." and have been picked in return for a measure of stability in industry where the labour movement is largely Communist-dominated.

Conservative concern at the "red tinge" of key ministries lay behind the collapse of *their* alliance with the Socialists in July. The CDs then wanted the sacking of Sr. Luis Sais. the Minister of Agriculture. who was accused of another "secret" deal with the Communists over agrarian reform.

The Socialists (102 seats) and the CDs (41 seats) have it in their power to vote together on a motion or rejection and topple the Government. If their initial reactions to Sr da Costa appear different and contradictory, they are linked by a third and most important factor which could force the two parties into an agreement against Sr. da Costa.

Both the Socialists and the CDs feel increasingly that the Portuguese parliamentary system is threatned by a formation of a Government that has no official links with the main political parties, but has simply the support of the President.

Their apprehension has grown with the new administration's apparent intention to play much more than a transitional role.

Were Sr. da Costa and his technocrats to gain parliamentary approval next week. the politicians claim, the parties would be accepting a fundamental change in Portugal's political system that would seriously undermine their own sreason for existence.

Curiously Sr. da Costa has not so far met with outright opposition from the more traditionally aggressive parties—the right-wing Social Democrats (PSD) and the pro-Soviet Communist Party.

But these "friends," though useful for the new Government, are not sufficient in a parliamentary vote. Even if the Social Democrats and the Communists were to join in an unlikely alliance they could muster only 133 votes against the combined vote of 143 from the Socialists and the Conservatives.

The political parties will not *declare their formal and final* position until the debate on the programme has begun.

But the signs are that the content of the programme may already be irrelevant. As a leading Conservative told me yesterday: "We'll be voting on the Government, not on the programme."

Meanwhile the Socialist Party, recovered *from the* psychological blow of Sr. Mario Soares' dismissal from the Premiership in July, has begun a series of meetings with the three other major political parties.

France introduces special tax to curb overtime

BY DAVID CURRY

PARIS, Sept. 6.

THE FRENCH Government has decided to impose a special tax on overtime to check the rise in unemployment. Workers will be paid 30 per cent extra for overtime work, instead of the present 25 per cent, but a third of that will be taken in tax and paid into the national unemployment fund.

The measure is intended to make it more expensive for employers and workers to introduce overtime.

The special tax is among measures approved by the Cabinet today in response to the rise in unemployment. The Government estimates that it is likely to top 1.2m this year, but the unions fear that might be a severe under-estimate.

The other main decision is to set up a FFr 3bn special fund for industrial construction and job creation in regions suffering from the crisis in steel and shipbuilding. The FFr 3 bn will be half in subsidies, half in loans, and the first FFr 1 bn will be available this year.

The Government is also encouraging the increase in manning in certain continuous-process operations, for example in steel, and an extra "half-shift" might be added to the existing four shifts. Employers would be exempted from social security charges for the extra manpower.

The two sides of industry have been asked to consider reducing working hours in jobs calling for strenuous manual labour and a study *on encouraging part-time* working is to be undertaken.

M. Robert Boulin, the Labour Minister, promised that the *national* employment agency would be reorganised and measures taken to limit abuse. He added that steps to develop apprenticeships and mobility by white-collar workers would be taken.

The unions and employers have been encouraged to negotiate changes in the unemployment benefit system to even up thte benefits accorded to different categories of unemployment and make it more worthwhile to accept job offers.

The measures include no radical proposals. The Prime Minister, M. Raymond Barre, has specifically ruled out steps that would add to business costs without necessarily creating more permanent employment. Thus the age of retirement and the length of the working week remain unchanged.

Norwegian ship loan threatened

BY FAY GJESTER

OSLO, Sept. 6.

A POLITICAL STORM is brewing in Norway which could block the extension of the loan guarantees for ships and drilling rigs given to the crisis-hit Reksten shipping group by the state-backed Norwegian Guarantee Institute.

This would be a serious blow to Reksten's creditors—among them Hambros Bank, which has been negotiating the guarantees with the Institute for several months.

The new development has arisen as a result of a series of hard-hitting articles in the Oslo newspaper Arbeiderbladet, which reflects the views of the ruling Labour Party. The paper alleges that the shipowner. Mr. Hilmar Reksten. has deposited substantial assets abroad, as a result of business transactions in the early 1970s. These transactions—involving, among others, a Panama company, Palmerston Holdings—*are still being investigated by the police following* Mr. Reksten's indictment more than two years ago on tax and currency violation charges. The 81-year-old shipowner has refused to answer police questions about his business affairs and this week he also refused to make a statement to a closed hearing in a Bergen court.

A spokesman for the Reksten companies has denied that either the companies or Mr. Reksten's family have any "ownership interest" in Palmerston or in Anglo-Nordic, a prosperous shipping company owned *jointly by Palmerston* and P & O. The Reksten statement concedes. however. that Mr. Reksten has a management agreement with Palmerston and that his son, Mr. Johan Reksten, is a member of Anglo-Nordic's Board.

Arbeiderbladet's claim that taxpayers' money may have to be spent to "rescue" Reksten companies, while the Reksten family itself probably has extensive secret assets abroad, was not one that the Government could ignore. Early this week, Mr. Halvard Bakke, the Shipping Minister, asked the Director of Public Prosecutions for an interim report on the results of the police investigations into Mr. Reksten's affairs "in view of the Ministry's dealings with other matters concerning companies and people affected by these investigations."

Mr. Haakon Nygaard, manager *of the Guarantee Institute*, says he does not believe that speculation about Mr. Reksten's possible foreign assets will affect the current negotiations with Hambros. These concern loan guarantees granted to the Reksten companies Hadrian and Trajan, in 1976, following a re-organisation of the Reksten interests. The guarantees cover a three-year, $100m borrowing facility provided to the two companies in December, 1976, by a consortium of 20 international banks, including Hambros. It is understood that by the end of June this year, Hadrian and Trajan had together drawn about half of this facility.

Mr. *Juul* Bjerke, chairman of the Institute's Board, would not comment on the matter to the Financial Times today. In Arbeiderbladet yesterday, however, he was quoted as saying: "If Reksten has assets abroad, the original guarantee agreement is based on faulty premises. It is obvious that in this case there is an entirely *new situation* which could have consequences for a new guarantee agreement."

A meeting of the Institute's board is scheduled for tomorrow. Mr. Bjerke could not say whether any statement would be issued after the meeting.

N. Sea oilfield project

BY OUR OWN CORRESPONDENT

OSLO. Sept. 6.

NORWEGIAN CONTRACTORS, which pioneered the Condeep concrete oil production platform, has teamed up with the Norwegian Kvaerner engineering group to design an offshore platform for production, liquefaction, storage and loading of submarine gas.

The companies say the design work will take a further 6-12 months to complete, and that it is too early to estimate what such a structure will cost.

The idea is to combine Kvaerner's expertise in gas-handling equipment with Norwegian Contractors' specialised knowledge of building concrete platform supports. A model shows storage tanks for liquid gas incorporated in the concrete pillars.

Platforms that can liquefy, store and load gas, as well as producing it, might make it possible to exploit North Sea gasfields too small or remote to justify links with pipeline systems.

● Mr. Bjartmer Gjerde, the Norwegian Oil Minister, said Norway hopes to strengthen ties with Venezuela and other members of the organisation of Petroleum Exporting Countries (OPEC), AP-DJ reports from Caracas.

In future, he said, Norway might act as a diplomatic "bridge" between OPEC and main oil consumers.

U.S. envoy mobbed in Cyprus

BY OUR OWN CORRESPONDENT

NICOSIA, Sept. 6.

TURKISH CYPRIOTS staged an angry demonstration today when U.S. *envoy, Mr. Matthew Nimetz*, entered Nicosia's Turkish sector for exploratory discussions with their leaders on the Cyprus problem.

About 60 people banged their fists on his car and shouted: "Nimetz go home." "No concessions," and "Varosha will for ever remain Turkish"—a reference to moves to reopen Varosha (Famagusta) for the resettlement of Greek Cypriot refugees.

The demonstrators placed a black wreath outside the office of Mr. Rauf Denktash, the Turkish Cypriot leader, while he was having talks with Mr. Nimetz, U.S. State Department counsellor, who has been on the *island since Sunday in an effort* to help revive the stalled peace talks between the two communities.

Later Mr. Nimetz and Mr. Denktash drove together to Famagusta in Eastern Cyprus to have a look at Varosha, the modern part of the city, formerly an important holiday resort and commercial centre which has remained deserted, sealed off by Turkish troops for just over four years.

Greek Cypriot officials said Mr. Nimetz had made it clear in meetings with the Government of President Kyprianou that he had not brought any plan or proposal to break the Cyprus deadlock. At this stage, they said, the U.S. was interested in exploring the positions of the two sides and then helping Dr. Waldheim, the UN Secretary-General, to reconvene the intercommunal negotiations, which *have remained deadlocked since* spring of last year.

The officials indicated they were disappointed because the U.S. envoy had not brought any new ideas — or indications that the Turkish side was softening its attitude. The Cyprus stalemate therefore continued, since *there was no acceptable basis for resumption of the talks.*

It was reliably learned here that if there was no dramatic breakthrough in the next month or so—such as a possible meeting between President Kyprianou and Mr. Bulent Ecevit, the Turkish Premier, or a resumption of the peace negotiations—the Cyprus Government will *make a new approach to the* Security Council.

Chancellor dismisses latest spy rumours

By Jonathan Carr

BONN, Sept. 6.

CHANCELLOR Helmut Schmidt has dismissed allegations of a new West German spying affair as a "giant air balloon" sent aloft by the political Opposition to damage the ruling Social Democrat Party (SPD).

In his first public comment on the affair, made at a provincial election campaign rally, Herr Schmidt described as a "dirty invention" allegations made by some Opposition politicians and newspapers about the SPD and Herr Egon Bahr, its executive secretary.

It has been alleged that a Romanian defector to the West passed on *to the U.S.* information suggesting spying in the SPD's ranks and the existence of a plan by Herr Bahr for West German withdrawal from NATO.

Herr Schmidt said that when he met Mr. Walter Mondale, the U.S. Vice-President, in Rome recently, he was assured that Washington had been given no such indications from any source.

Meanwhile, the Cabinet today postponed a decision on a request by the Federal Attorney's office to start legal proceedings against some journalists in connection with the affair. More detail were asked for.

It is suggested that some of the media made public details of the investigation into the spying affair in such a way as *to prejudice its outcome.*

Reuter reports from West Berlin: The city's authorities flew 129 Pakistanis home today.

Yesterday 166 Pakistanis were flown back to Karachi, and a total of 591 have been *expelled over the last week.* In the first eight months of this year, almost 4,000 Pakistanis have arrived here, *hoping for political asylum.*

Bonn wins human rights case

STRASBOURG, Sept. 6.

THE European Court of Human Rights ruled today that a West German law allowing secret phone-tapping and opening of mail did not violate the European Convention on Human Rights.

The court said in its judgment: "Democratic societies nowadays find themselves threatened by highly sophisticated forms of espionage and by terrorism with the result that the state must be able, in order to effectively counter such threats, to undertake the secret surveillance of subversive elements operating within its jurisdiction."

The case was brought by five lawyers, headed by public prosecutor Herr Gerhard Klass, who contended that the 1968 law violated articles of the European Convention on Human Rights, including the right to respect for private and family life. The West German law restricted the right to secrecy of post and telecommunications, authorising in certain circumstances secret surveillance.

Reuter

West German production up

By Our Own Correspondent

BONN, Sept. 6.

WEST GERMANY'S industrial production figures have been revised upwards to present a markedly more positive picture of the position at mid-year.

The Economics Ministry said today that revised June production figures show a 2.5 per cent increase against May, not the 1 per cent provisionally announced.

Provisional July figures now released show a rise of 3.5 per cent against the revised June figure, but the Ministry notes *that the new data, too, may change.*

Prosecutor urges 'lenient' sentence for Crawford

BY DAVID SATTER

MOSCOW, Sept. 6.

THE SOVIET State Prosecutor in the case against Mr. Jay Crawford, the U.S. businessman charged with currency violations, today called for a "lenient" suspended sentence of five years in a labour camp. U.S. officials said Mr. Crawford would be out of the country by the end of the week.

Mr. Mikhail Ilyukhin, the Prosecutor, in making the recommendation for leniency, cited the fact that Mr. Crawford's firm, International Harvester, had been an active proponent of expanded U.S.-Soviet trade.

Mr. Crawford could still receive the maximum sentence of eight years' imprisonment plus five years' exile if convicted of buying 20,0000 roubles and six samovars on Moscow's black market. A Soviet court need not follow the Prosecutor's recommendation.

After a morning of desultory evidence, Mr. Crawford disparaged the case against him and said: "If Soviet justice is to prevail, I will be found innocent."

U.S. officials have said that they believe Mr. Crawford, who was dragged from his car on June 12 at a busy Moscow intersection, was arrested in retaliation for the arrest the previous month of Two Soviet employees of the United Nations on espionage charges.

Mr. Crawford clashed with the trial judge, Mr. Lev Mironov, during the morning session, over customs declarations which were offered in evidence. The Judge said that Mr. Crawford entered the Soviet Union in May, 1977, *with $2,775* and left three days later with only $1,610. Mr. Crawford said that, in fact, he had left the country with $1,610 and reutrned later from abroad with $2,775.

A driver for Intourist, the Government tourist agency, said he saw Mr. Crawford at one point wearing old clothes, dark glasses and behaving in a suspicious manner. A Soviet administrative employee of International Harvester said Mr. Crawford was a kind and responsive man.

Mr. Crawford said that he coud get no clear-cut picture of what the prosecution was trying to establish.

Mr. Vladimir Kiselyov, a factory checker, *said yesterday that* he repeatedly sold roubles to Mr. Crawford at nearly a quarter [of] the official rate, delivering the money to Mr. Crawford's hotel room or the International Harvester office. Mr. Crawford said the evidence against him was a complete fabrication.

Mr. Crawford and Mr. Kiselyov are two of four defendants. The others are Mr. Kiselyov's wife Lyudmilla and Alla Solovyov, cashier at one of Moscow's hard currency stores. All the Soviet defendants have pleaded guilty. The Kiselyovs, whom Mr. Crawford said did minor tailoring for him, are charged with large scale and repeated currency violations. They could receive the death penalty.

The Kiselyovs are accused of accumulating a cache of up to $100,000 in hard currency and the indictment mentioned a West German, an Ecuadorean, a Japanese, and two Afghans as violators of the currency law. These stipulate that roubles can only be purchased through the Bank for Foreign Trade.

Mr. Crawford has been accused of buying 20,000 roubles for $8,300 or $.42 each as well as six samovars, also for hard currency. The official rate of exchange is about $1.46 a rouble.

Poland faces more power cuts

BY CHRISTOPHER BOBINSKI

WARSAW, Sept. 6.

POLISH INDUSTRY again faces power cuts this autumn and winter. The deficit at peak periods might reach 3,000 megawatts.

Industry has suffered power shortages since 1976, but last winter was especially difficult and the February deficit reached 2,300 MW.

This time, cuts will be planned and spread evenly throughout industry. The scheme will favour the raw materials and construction materials industries. It is similar to those employed by East Germany and Czechoslovakia, which have similar power deficits.

According to the 1978 plan, the Polish power industry was to have received 2,470 MW additional capacity this year. But it is estimated that only between 1,200 MW and 1,470 MW will be installed and in production by the end of the year.

According to the daily newspaper Sztandar Mlodych, delays on power station construction sites range from three to five months. At present, 85 per cent of equipment is being overhauled and officials are hoping that breakdowns will be fewer this winter.

The Press, however, says the overhauls are not as thorough as might be expected because of shortages of spare parts. The risk of failures remains.

The latest figures give the capacity of the *Polish power industry* as 22,058 MW and production this year is expected to exceed by 1bn the planned total of 115bn Kilowatt hours. This compares with the 109bn Kwh produced last year.

Spanish Prime Minister visits Venezuela, Cuba

BY DAVID GARDNER

MADRID, Sept. 6.

SR. ADOLFO SUAREZ, the Spanish Prime Minister, set off this evening on official visits to Venezuela and Cuba, accompanied by Sr. Marcelino Oreja, the foreign minister, and the Under-secretary for Commerce. Sr. Suarez will be the first European premier to visit post-revolutionary Cuba in an initiative which continues the more adventurous turn which Spanish diplomacy took following King Juan Carlos' visit to China in June.

It is expected that the two-day visit to Venezuela, with whose President, Sr. Carlos Andres Perez, Sr. Suárez's Government maintains excellent relations, will yield mainly economic fruits. Venezuela is Spain's main customer in Latin America, as well as the most important recipient of Spanish capital invested abroad, which amounted to Pta 4bn last year.

Trade between the two countries has grown sharply since the King's first visit to Caracas in October 1976, and this year Venezuela is expected to import Pta 24bn worth of Spanish goods, with the trade balance markedly in Spain's favour.

Spanish industry has won a series of important contracts in Venezuela recently, chief among them being one for the building of a railway likely to be worth over Pta 70bn in partnership with a Canadian company and the setting up of Hispano-Venezuelan consortia to build a shipyard at Los Taques, and a heavy vehicle plant in Cumana.

Both the Spanish Government and the King subscribe to Sr. Pérez's vision of a united Latin Arrberica in which both *Spain and Portugal would play* a part. But whereas under Gen. Franco, "*Hispanicness*" was a ritual touchstone with little practical consequence, under the monarchy, the Spanish administration has acted on the recognition that Latin American nations provide an increasingly attractive market for its technology and capital goods.

The King himself has visited eight Latin American countries, and proposes to cover the rest of the continent in the coming two years, beginning with visits to Mexico, Peru and Argentina in November.

At the same time, Spain would like to have its relations with Latin America on an organised footing before entering the EEC, and perhaps gain the Find of concessions in its trading relations with them that Britain had with the Commonwealth when it joined the EEC.

Spain's trade with Cuba is more balanced, with exports worth some Ptas 11bn last year. Spain mostly imports Cuban sugar, but with a glut of home-produced sugar which is unlikely to disappear for at least a year, the renewal of the bilateral trading agreement between the two countries, due at the end of the year, could present difficulties. It is however the diplomatic aspects of the Cuban visit which are exciting most interest here.

Some observers believe that Spain may offer to back Cuban efforts to normalise relations with the West, in return for Cuban intercession on its behalf with Algeria, where Spain is anxious to improve relations in the overall context of a solution to the conflict in the Western Sahara, and the cessation of Algerian support for Canary Islands separatists.

EEC promise renewed in Andreotti talks

MADRID, Sept. 6.

ON THE second and final day of *his visit here today*, Sig. Giulio Andreotti, the Italian Prime Minister, again promised firm Italian support for a rapid Spanish entry into the EEC, David Gardner writes from Madrid.

Sig. Andreotti continued his talks today with Sr. Adolfo Suarez, the Prime Minister, *Before being received by King* Juan Carlos and visiting the Senate, where the final touches are being put to Spain's new constitution.

In addition, the Spanish Government is believed to have requested, and been promised, Italian support for more sympathetic treatment for Spanish vessels fishing inside the EEC 200-mile limits and for Spanish emigrant workers in EEC countries. In both cases the Spanish argue that they should be accorded the treatment appropriate for a "candidate-member of the Community."

Empain in Paris

Baron Edouard-Jean Empain, aged 40, the Belgian industrialist who was kept hooded and chained by kidnappers for two months earlier this year, has returned to the French capital after a five month rest, Reuter reports from Paris. The Baron has been resting in the U.S. since his release. He is expected to hold a Press conference today.

La Stampa change

Sig. Arrigo Levi has resigned as editor of La Stampa after five years in the post, Reuter reports from Turin. He will remain associated with the paper as a special correspondent and is succeeded by Sig. Giorgio Fattori.

Soviet workers whose complaints lead to jail

BY ROGER BOYES

A MOTLEY GROUP of Soviet workers, including miners, dockers, a waitress and a rat catcher, will be at the heart of discussions at the TUC *conference today.*

During the international debate, two motions are to be considered. One appeals for "the right of all workers to organise free trade unions"; the other condemns the use of psychiatric methods to repress trade unionists.

Both motions studiously avoid *mentioning the Soviet Union but* they clearly refer to the 200-strong Association of Free Trade Unions (AFTU), an unofficial group of Russian workers, many of whom are in prison or mental hospitals.

AFTU was founded this year by Mr. Vladimir Klebanov to represent workers who believed that they were being treated unfairly by the official unions. The official unions are closely aligned with the Communist Party and are primarily concerned with diffusing shop-floor conflict and ensuring, through incentive schemes, that work norms are achieved and "labour discipline" maintained.

In theory, there is no conflict of interest between the workers and the Party in Communist states, so the unions are assigned an essentially supportive role.

However, the unofficial trade unionists complain that that gives free rein to corruption in management and leads to exploitation of workers, indeed to violation of the basic labour rights guaranteed in Soviet legislation. Their backgrounds—they are reluctant to call themselves dissidents—reveals much about their movement and the state of labour relations in the Soviet Union.

Mr. Klebanov, recently sent to prison from a mental hospital where he was under observation, was a pithead shift supervisor until he complained about his men's working conditions. The miners in the Donbass basin, he said, often had to work 12-hour days instead of the legally required six-hour shifts to fulfil artificially high production targets.

That led to fatigue, safety lapses and a consequent increase in accidents. At the Bazhanova mine where he had worked for 16 years, 12-15 deaths and up to 700 injuries a year were considered normal, he said.

Ten years ago, Mr. Klebanov refused to send miners to the pitface with faulty safety equipment or to agree to management demands for excessive overtime. He was dismissed and confined to a mental hospital for four years. After his release he was unable to find work. He founded AFTU last January and a month later was again confined to a mental hospital before being transferred to prison.

Another jailed member of the group is Valentin Poplavsky. He worked as a supervisor in the housing maintenance department of a factory in Klimovsk, near Moscow. He was dismissed after refusing to enter a reprimand in the Labour Book of a woman who said management was misusing factory funds to finance drinking parties.

A waitress at a top Volgograd restaurant, who claims to have served members of the Politburo

THE STRIKE weapon has never been a real choice for the unofficial unionists. They simply want existing laws on safety and complaints procedures maintained and the right to appeal against management decisions upheld.

and Fidel Castro, the Cuban leader, was dismissed because she complained that the management was stealing crockery and logging it as "breakages." Those costs were deducted from *waitresses' wages.*

The diverse nature of the complaints has been one of the unofficial union's weakest points. Some British trade unionists, who may oppose the motions today, argue that AFTU is not so much a union as a complainants' association. As such, any support might be regarded as interference in Soviet internal affairs. The TUC, they maintain, should be concerned primarily with protecting union rights, and AFTU cannot be viewed as a legitimate union.

Other British unions, including the Amalgamated Union of *Engineering Workers and the* National and Local Government Officers' Association (NALGO), which have sent letters of protest to Mr. Leonid Brezhnev, the Soviet leader, believe that the group owes its very existence to the inadequacies of the official Russian union. If proper channels of complaint existed, workers' *rights could be safeguarded.* That, they argue, is a matter of concern for the international union movement.

The creation of the unofficial union has certainly highlighted gaps in Soviet labour legislation. Soviet law, for instance, while not actually forbidding strikes, does not recognise the right to withdraw labour. Strikers automatically lay themselves open to prosecution under criminal statutes governing anti-Soviet agitation.

In practice the few strikes that have become known to Western correspondents—the Riga dockyard strike of 1976, for instance—have been dealt with under less overtly political legislation, such as that against "hooliganism" or "unlicensed assembly."

But the strike weapon has never been a real choice for the unofficial unionists. Although they claim much tacit support from the shop floor of their respective factories and enterprises, most Soviet workers prefer the traditional Russian methods of putting pressure on management, secret slow-downs, for instance, or truancy.

Those methods are anathema to the unofficial unionists, who have maintained throughout that they are acting within the law. Moreover they say they do not want to change the law: they want simply to ensure that existing laws on safety, complaints procedures and the right of appeal against management decisions are upheld and safeguarded.

The Soviet authorities have, predictably, refused to recognise AFTU or publicly acknowledge that it has grounds for complaint. Workers have a say in fixing production norms, arranging incentive schemes, introducing new technology and even the location of new plants. That, they say, represents a degree of worker participation unrivalled in the West. Mr. Klebanov believes, however, that it is only the representatives of the official union who participate in those decisions and that the unions have lost touch with the workers' real interests.

Soviet Press commentaries on AFTU refer to the unionists as a "handful of renegades," the standard description of dissidents, and have criticised the West for hypocrisy. Unemployment, they say, is the supreme violation of workers' rights, and in the Soviet Union every worker enjoys the legally anchored right to work.

Soviet workers, however, have not only a right to work but a positive obligation to do so. Under the Soviet "parasitism" law, originally designed to stamp *out vagrants in the post-*Revolutionary years, any person unemployed for more than four months in a year is liable to two years' imprisonment. That measure has been applied against human rights campaigners and Jewish activists—dismissed from their jobs—and will probably be used against AFTU members, few of whom have been formally charged.

TEN YEARS ago Mr. Vladimir Klebanov (above) was a pithead shift supervisor in a *mine in the Donbass area.* When he refused to send miners to the pitface with defective safety equipment, he was dismissed and sent to a mental hospital. After his release he founded the Association of Free Trade Unions and is now in jail. Other members of the association tell similar stories.

Financial Times, published daily except Sundays and holidays. U.S. subscriptions $205.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Postpone social security tax rise, Miller urges

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Sept. 6.

MR. WILLIAM MILLER, chairman of the Federal Reserve Board, today proposed that increases due next year in social security taxes be deferred for a year, primarily to combat inflation.

Testifying this morning before the Senate Finance Committee, Mr. Miller laid out a detailed prescription of what he thought the Tax Bill now before the Senate should contain. His outline was much closer to the recommendations of the Carter Administration than the contents of the Bill that has passed the House and on which the Senate will act shortly.

Mr. Miller agreed that the overall size of the tax cuts passed by the House—$16.3bn—was probably about right, given economic needs, and provided that federal spending were reduced next year to produce a deficit of about $40bn. He also thought that the House Bill provided a reasonable distribution of benefits between personal and corporate interests.

A tax cut of that magnitude, he noted, would serve only to offset the impact of the mandated $6bn worth of higher social security levies due to take effect in January, and a further $8bn in higher tax revenues next year brought about by inflation.

Deferring the social security increases, he went on, would have the effect of helping personal disposable income, thereby giving the economy a small boost, and would also "avert another inflationary impulse to the structure of labour costs."

Next year is to be a heavy one for important wage settlements and Mr. Miller added that the scheduled increases in employers' contributions to social security alone would add an extra 0.5 per cent to the rate of inflation in 1979, according to the Fed's staff.

Senator Russell Long, the extremely powerful chairman of the Finance Committee, is also concerned by the social security tax increase, but appears to be leaning towards a different solution. He has said he wants to increase the size of the overall tax cut by such an amount so as to neutralise the economic effect of the higher levies: that is, to bring up the cuts in the Tax Bill to about $25bn.

Mr. Miller also took exception to the larger cuts in capital gains and corporate income tax embodied in the House Bill, the first of which, in particular, is sharply opposed by the Carter Administration.

Although both proposals had some merit in encouraging investment, he said, the House Bill gave them too much weight.

A far better way to promote capital spending was a greater use of accelerated depreciation.

That is an argument he has used before this year, and it is unclear whether, at this late stage in the preparation of the tax package, the Senate is prepared to do more than merely take note of his recommendations.

The Carter Administration's objections to the tax Bill, as presently constituted, lie in its lack of equity. Poorer Americans are given relatively short shrift while the more affluent are treated better, a situation which reflects the so-called middle-class tax revolt which was given such publicised expression in June by the initiative in California to cut property tax.

Mr. Miller himself emphasised in his concluding remarks that the "criterion of equity" should be seriously considered by Congress, along with the need to minimise inflationary pressures and to promote capital investment. But, with Senator Long very much in control of parliamentary procedure, and thought to be leaning personally in favour of even larger capital gains tax cuts, there is no guarantee that Mr. Miller's prescription, or that of the beleaguered Treasury, will be heeded.

Somoza to hold line on strike in Nicaragua

MANAGUA, Sept. 6.

PRESIDENT Anastasio Somoza has voted to outlast the organisers of a 15-day-old national strike aimed to oust him from power in Nicaragua.

Gen. Somoza, whose family has ruled Nicaragua for the 45 years, told a news conference last night that he would wait until the strike promoters got tired or went bankrupt.

The Government yesterday took emergency measures to keep public transport running in the capital, Managua, where up to 80 per cent of shops were closed and skeleton staffs at banks attended to only a trickle of customers.

Gen. Somoza lashed out at the Venezuelan President, Sr. Carlos Andrés Perez, who last week called for urgent meetings of the UN Security Council and the permanent council of the Organisation of American States to deal with the situation in Nicaragua.

Gen. Somoza said he would hold Sr. Pérez responsible for "the bloodbath which his move might cause."

He said the call was unprecedented, contrary to international law and a direct intervention in Nicaraguan internal affairs.

The National Guard, the only security force in Nicaragua, had detained 135 people since the start of the strike on charges of inciting shop-owners to join the stoppage, Gen Somoza added.

Opposition leaders had estimated on Monday that between 400 and 600 people had been arrested.

Reuter

U.S. reduced $ support in May-July quarter

BY STEWART FLEMING

NEW YORK, Sept. 6.

INTERVENTION by the U.S. authorities to support the dollar was cut sharply in the May-to-July period compared with the near-record levels recorded in the previous February-to-April quarter.

According to latest statistics from the Federal Reserve Board of New York, U.S. Treasury and Federal Reserve intervention totalled some $832bn, compared with $1.2bn in the earlier period.

Overall during the May-July period, the Federal Reserve repaid $1bn worth of Marks to the Bundesbank, reducing swap indebtedness to $650m as of July 31. In addition, the Treasury repaid $714m to reduce its swap debt to the Bundesbank to $197m.

Since dollar rates did not recover to the levels at which most of the debt was incurred, the repayment resulted in net realised losses totalling $14.7m to the Fed.

Mr. [illegible] and Mr [illegible] estimated that gross market intervention by all central banks in the May-July quarter totalled $23bn, also a sharp reduction from the record $31bn in the February-April quarter.

Help for charter airlines

BY OUR OWN CORRESPONDENT

NEW YORK, Sept. 6.

IN A FURTHER effort to help charter airlines, the Civil Aeronautics Board yesterday gave four U.S. airlines temporary rights to fly between the U.S. and the Netherlands or Belgium.

The CAB said it would allow National to fly between Amsterdam and New York, Northwest to fly between Amsterdam, New York and Chicago, Capital International Airways to fly between Brussels, Chicago, New York and Boston, and World Airways between Amsterdam, Baltimore, Chicago, Detroit, Oakland and Newark, New Jersey.

World and Capital International are both "supplemental" carriers which use jets for international charters not scheduled services. Observers said that it was unprecedented for the CAB to give such scheduled service rights to supplemental carriers.

Imports of special steels increase

BY DAVID LASCELLES

NEW YORK, Sept. 6.

EVIDENCE OF growing problems on the special steel front, where imports to the U.S. are not covered by the trigger price mechanism, came today with figures showing that imports in the second quarter accounted for 14.5 per cent of U.S. domestic steel consumption, up from 11.7 per cent in the first quarter and 13.8 per cent in the second quarter of last year.

There were similar rises in the consumption shares of imported stainless steel sheet, trip and plate.

Although these imports, most of which come from Japan, are subject to quota restrictions imposed two years ago, domestic manufacturers are alarmed by these trends.

President Carter has rejected the idea that the U.S. special steel industry needs further protection, on the grounds that such a move could prove inflationary.

Cuban exile journalists in Havana

HAVANA, Sept. 6.

A NUMBER of exiled Cuban journalists has arrived in Havana for a meeting today with President Fidel Castro on the Government's proposal to free most of its political prisoners.

The journalists include editors of anti-Castro newspapers in Miami and New York. Among those invited was Sr. Rosendo Canto Hernández, a Cuban ambassador to Taiwan in pre-Castro days.

Describing the news conference as a generous gesture on the President's part, he said he believed he would get positive answers from Gen. Castro on the question of freeing detainees and reuniting families.

Sr. Emilio Rangel, a photographer from Miami, said that all the Cuban-Americans he knew in Miami were homesick and longed to be reunited with their families. President Castro's Government has ruled Cuba since 1959 when an insurrection overthrew the right-wing Government of the late Fulgencio Batista.

• Cuba is now graduating sufficient doctors to send anywhere in the world they might be needed, President Castro said in a speech to mark the start of the school year yesterday.

There was a growing demand abroad for Cuban medical services, which were provided free of charge to poor developing countries, Gen. Castro said at Camaguey.

Cuba had commitments abroad this year of 1,282 doctors, 640 nurses and 570 health technicians, he said.

Gen. Castro also spoke at length about cheating in examinations, saying that those who did not report cheating to the school authorities were betraying their schoolmates, as well as every revolutionary principle.

Reuter

Opposition presses for broad amnesty

By Our Own Correspondent

MEXICO CITY, Sept. 6.

MEXICAN OPPOSITION parties are increasing their campaign to make sure that the promised amnesty announced by the President, Sr. José Lopez Portillo, last week, is as wide as possible.

The President has said that an amnesty law will be submitted to Congress, in order to make "social and political peace" easier to achieve. But the terms of the law are not yet known, other than that people imprisoned for politically-motivated crimes of violence are unlikely to benefit.

Another problem is that the government line is that there are no people imprisoned in Mexico for their political beliefs, but only political activists. The Left-wing opposition, however, claims that there are several hundred political prisoners, in the generally accepted sense of the term, an estimated 367 people who have "disappeared," and 56 political exiles.

Sr. Heberto Castillo, the president of the Mexican Workers' Party, said in the magazine Proceso that police were a law unto themselves and that an end must be put to their excesses.

The most feared is the Brigada Blanca (the White Brigade), an anti-terrorist unit of the army whose activities are rarely discussed.

The last amnesty in Mexico was granted in 1976 by the previous President, Sr. Luis Echeverria. This benefitted about 300 people awaiting trial in connection with the confrontation in 1968 between police and students which left 300 dead at the time of the Olympic Games.

AP-DJ adds: Mexican retail prices in August rose by 1 per cent above those of July, the Central Bank said

THE MEXICAN ECONOMY

A drop of oil in the ocean

BY WILLIAM CHISLETT IN MEXICO CITY

SR. JOSE LOPEZ PORTILLO, the Mexican President believes that the worst of the national economic crisis is over and that he can now enter stage two of his six-year term of office and consolidate what has been achieved in the last two years.

These brave words, expressed last Friday in the President's annual state of the nation speech, do not mean that all is well in Mexico, a turbulent country with awe-inspiring problems, but there are some promising signs. Sr. Lopez, a former finance minister, is no Utopian but a level-headed realist; while his optimism can be seen as more than mere rhetoric, but that does not mean that all is plain sailing.

When Sr. Lopez took office in December 1976 after six years of Sr. Luis Echeverria's erratic rule, he quickly had to pick up the pieces produced by the first Mexican devaluation for 22 years. It was a watershed in Mexico's history. Public foreign debt increased five-fold in Sr. Echeverria's term of office to $19.5bn. The balance of payments deficit reached $3bn in 1976 (after a record $3.7bn in 1975) and inflation was officially put at 27 per cent in 1976. An estimated $4.5bn left Mexico before devaluation

Now, two years later, the foreign debt has grown to about $25bn; the balance of payments deficit forecast for this year is between $2-2.4bn (after last year's low of $1.7bn) and the official cost of living index rose officially by 8 per cent in the first half of this year compared with 13 per cent in the same period last year.

Add to this the President's bold announcement that potential reserves of crude oil and condensates now stand at 200bn barrels against the previous figure of 120bn, and his claim that for the first time in three years the economic growth rate, which he optimistically forecast at 5 per cent this year, is higher than the population growth rate, and Sr. Lopez has some reason for expressing confidence.

But set all this against the grim picture of unemployment at more than 50 per cent, per capita income at around $875, population rising at an annual rate of 3.5 per cent and with fewer than 20 per cent of the 65m population controlling more than 70 per cent of the country's wealth then the limits to optimism come into relief.

No wonder then that Sr. Lopez was at pains to stress throughout this speech that "we still have not seen the improvement in the general characteristics of our economy reflected in real benefit to everyone." He warned that unless this happened quickly, the majority of Mexicans would have every reason to feel defrauded. The main crisis now was social, he said.

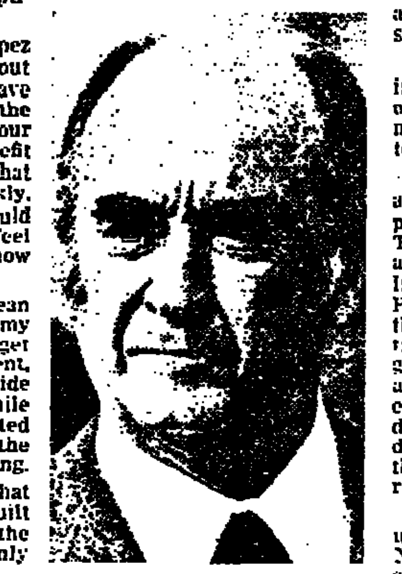
Sr. Lopez faces a herculean task, for even if the economy were to return to the target growth rate of 6 to 7 per cent, industry could still only provide 150,000 new jobs a year, while 800,000 jobs need to be created every year just to keep the unemployed rate from increasing.

The President admitted that 3m. dwellings need to be built by 1982 just to keep up with the population growth, but that only 1.5m will in fact be built.

How to balance the social forces and keep production increasing—which in turn means satisfying the very conservative business community — while keeping workers from becoming too disgruntled is an awesome task in Mexico. Wage increases are out of step with inflation. Last year the trade union chief Sr. Fidel Velazquez agreed to limit wage demands to 10 per cent when inflation was double the current rate. Sr. Lopez says that the time has come to reward workers for their sacrifices but how remains to be seen.

Sr. Lopez shows every sign of being aware of the problems but their size, especially in population growth and unemployment, make anything he achieves seem slight. For example, according to official figures 1,000 people a day are arriving in Mexico City, whose population is 13m, from outside.

It is costing the Government this year more than $130m just to maintain the price of milk and "tortilla" (a kind of cornflour pancake) the staple diet of a great many Mexicans. The total



Sr. José Lopez Portillo — after an economic crisis, the worst is over.

cost of Government subsidies to hold down price increases is $321m.

Oil is seen as the country's salvation and here there appears to be a glut. Sr. Lopez once said that "this oportunity (to get oil) will only come once in history. We have to transform a non-renewable resource into a permanent source of wealth." Pemex, the State-owned oil company, is certainly getting at it quickly but many people are sceptical of the Government's (understandable) optimism that oil will be a panacea for many national problems.

Sr Lopez warns that the country must be "careful" how the oil is used. Clearly it can be used as a bargaining counter with other countries, particularly the U.S. The idea is to export and generate foreign exchange earnings, to reduce the huge current account deficit, and also to boost related industries like petrochemicals and expand capital intensive sectors such as steel.

The transition to a more industrialised society which the oil should bring, will inevitably mean greater social and political tensions.

Sr Lopez has foreseen this and made special mention of political reforms in his speech. The ruling Partido Revolucionario Institucional (PRI), the Institutional Revolutionary Party, a doublespeak if ever there was one, has won all elections for president, state governor and senator since 1929 and now holds 196 of the 197 elected seats in the chamber of deputies. Forty-one opposition deputies also sit in the chamber through a system of minority representation.

The President intends to open up the fossilised political system. Next year during the congressional elections the size of the chamber will increase to 300 members elected directly and 100 through proportional representation. The Communist Party, banned for 40 years, will take part. Ten years ago there was a "crisis of conscience" after the 1968 confrontation between students protesting at social injustice and police which left 300 dead. Now, says the President, there is an "awareness of the crisis."

U.S. COMPANY NEWS

Occidental Petroleum bid for Mead blocked: Strong third quarter for Fluor; Agreement expected on Pan Am takeover Page 24

OVERSEAS NEWS

Botha rejects proposals for UN role in Namibia

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Sept. 6.

SOUTH AFRICA today rejected key parts of proposals for UN involvement in the Namibia independence process, but left the door open for further negotiations.

The South African Foreign Minister, Mr. R. F. Pik Botha, made his government's position known in a lengthy letter to the UN Secretary-General, Dr. Kurt Waldheim, who submitted the plan to the Security Council a week ago.

Mr. Botha said elements of the plan that were unacceptable to South Africa included the proposed dispatch of a 7,500-man UN military force and 360 civilian police to Namibia, and the proposed postponement of independence beyond the end of this year, to which his Government is already committed.

"It is a cause of great concern and disappointment to the South African Government that, in spite of what has been achieved and the clear wishes of the people of South West Africa, we are caught up in arguments far removed from the main questions of principle," Mr. Botha said.

He repeated that the South African Government accepted the settlement proposed by the five Western members of the Security Council—Britain, France, the U.S., West Germany and Canada—to which it agreed on April 25. "We are prepared to adhere to that decision but not go along with interpretations inconsistent with the proposal," he said.

He protested that there was no provision in the Western plan for UN civilian police, and it specifically set December 31 as the date for Namibian independence.

Despite his strong attack on the blueprint presented by Dr. Waldheim, which has yet to be formally considered by the Security Council, South African officials said talks with the UN about implementing the proposed settlement would continue. Mr. Botha planned to leave New York tonight for home, but would leave staff members here to maintain contact with UN and other officials.

Delegates of the five Western countries went into urgent consultations at the U.S. mission to the UN as soon as word was received about the South African Government's position. This apparently was developed at a Cabinet meeting in Pretoria yesterday presided over by Mr. Pieter Botha, the Defence Minister, who is considered a hard-liner. The Prime Minister, Mr. John Vorster, is ill.

In the South African political context, the Foreign Minister is considered relatively liberal and eager for a Namibia settlement involving the UN. But since Dr. Waldheim published his proposals for the big UN operation in Namibia, Mr. Botha has repeatedly objected to those parts of the plan which he formally identified as unacceptable today.

On the question of the cessation of hostilities in Namibia, where South African troops have been fighting South West Africa People's Organisation (SWAPO) geurrillas, Mr. Botha said that if violence continued the Western plan could not be implemented.

He also demanded of SWAPO an unequivocal statement that the organisation accepted the proposed settlement and, if so, that it was committed to the cessation of all violence.

SWAPO president Sam Nujoma now is in New York for talks with council members and the African group. He, too, has found fault with Dr. Waldheim's plan—specifically, its omission of any reference to SWAPO, which is recognised by the UN as the "authentic representative of the Namibia people."

S. Africans open £144m chemical plant

By Quentin Peel

JOHANNESBURG, Sept. 6.

A NEW South African chemical plant, the R236m (£144m) Coalplex scheme at Sasolburg, was formally opened today by Mr. Chris Heunis, Minister of Economic Affairs.

The plant produces PVC and other by-products including caustic soda and chlorine, from coal. Mr. Heunis predicted that it would eventually save the South African economy some R60m (£40m) in import replacements.

Coalplex, which is 60 per cent owned by AECI (itself 40 per cent owned by Britain's ICI) and 40 per cent by Sentrachem, is sited beside the original Sasol oil-from-coal plant at Sasolburg, from which it gets its ethylene supplies. The plant has been in operation since the last quarter of 1977. At full capacity, it will employ some 1,700 people.

Output of the plant is put at 100,000 tonnes of PVC a year, of which more than 40,000 tonnes will be exported. Coalplex is currently tendering for an Iranian order for 90,000 tonnes.

Mr. Hendrik Smit, chairman of Sentrachem, said that although export orders had already been obtained for the full production capacity of one carbide furnace, a second furnace could be commissioned if the Government would provide better export allowances.

The South African Government played an important part in persuading the two South African chemical giants to join forces for the Coalplex project, which Mr. Harry Oppenheimer, chairman of AECI, earlier described as of great economic and strategic importance to South Africa.

Syrians and Christians clash in heavy Beirut fighting

BY IHSAN HIJAZI

BEIRUT, Sept. 6.

SYRIAN TROOPS of the Arab peace keeping force fought with Christian militias all night in the south-eastern suburbs of the Lebanese capital. There has been a number of casualties and several fires broke out in the quarters of Ain El-Rummaneh and Chiyah, according to eye-witnesses.

Artillery and rockets were used in the exchanges which newspapers attributed to the beginning today of the Camp David summit on the Middle East. Officials here believe that certain elements in Lebanon would like to "keep the pot boiling" while the talks between President Carter, President Anwar Sadat and President Menahem Begin were under way.

The intensity of the fighting eased at day-break, but the area was declared unsafe for civilian traffic because of continuing fighting and the danger of another outbreak of artillery and rocket duels.

During the bombardment a number of shells fell on the predominantly Moslem quarters of west Beirut and in a neighbourhood where a large Palestinian community resides.

Sonic booms today over Beirut caused by Israeli fighter planes added to the tension. The jets flew at high altitude leaving behind long lines of white smoke.

Observers here said the Israeli over-flights were intended as a show of force to reassure the Christian militias, as their leaders and the media have been playing up reports about an alleged Syrian military build-up here.

The daily Al Amal, organ of the main right-wing faction, the Phalange party, claimed Soviet military technicians were helping the Syrians in setting up missile and anti-aircraft sites in Lebanon.

Informed military sources, however, said that whereas the Syrians have been strengthening their positions because of the possibility of a military intervention by the Israelis, most of the reports about the build-up are grossly exaggerated.

The guerillas, in a precautionary move, have called off marches which were to be held here today to protest the Camp David summit.

Reuter adds from Sidon: Angry Palestinian demonstrators protesting against the Camp David summit, today burned an effigy of President Sadat. They shouted slogans attacking the Egyptian leader and his peace policy towards Israel.

Strike threat in Israel

BY L. DANIEL

TEL AVIV, Sept. 6.

THE ISRAELI Government is faced with a growing wave of strike threats in the public sector. Teachers have threatened to stop work as from next Monday unless their demand for a 35 per cent rise is met. They have claimed that their salaries have not kept pace with those in other sectors, even though Mr. Menahem Begin, the Prime Minister appealed to them in a TV interview prior to his departure for the U.S.

Now the technicians and engineers of the Ministry of Communications have come out with a demand for 30-40 per cent rises — compared to the Government maximum of 15 per cent which it is prepared to grant in addition to the automatic cost-of-living increments

A breach of the 15 per cent limit would give rise to similar demands by all civil servants. This would in turn further accelerate the inflation which came to 54 per cent between July 1, 1977 and June 30, 1978 and is likely to reach 40 per cent in calendar 1978.

Indian state asks for flood assistance

NEW DELHI, Sept. 6.

THE DEVASTATING Indian floods now stretch in an almost continuous belt from Delhi, along the mighty Ganges river, through the states of Uttar Pradesh and Bihar and down into West Bengal and Orissa, according to latest reports.

Total crop loss and cost of reconstruction in hundreds of villages where thousands of mud-and-straw huts have dissolved in the floodwaters will run into hundreds of millions of dollars.

The Uttar Pradesh Chief Minister, Mr. Ram Naresh Yadav today asked the central government for a grant of 2,500m rupees ($310m) for relief work. In adition to the 15,000 tonnes of wheat already made available for free distribution, at least 20,000 tonnes more were required, he said.

So far 498 people have died in the Uttar Pradesh floods, 281 in Himchal Pradesh, 181 in Bihar and at least 200 more in Delhi, Rajastan, Haryana, Punjab and Kashmir, according to official figures.

When the flood waters recede, both the death toll and damage estimates in West Bengal could exceed all these figures. Correspondents visiting the Midnapore district, west of Calcutta, reported that several hundred people have died and scores of villages have disappeared.

The West Bengal Government has so far confirmed only 50 deaths. But Indian state governments are often anxious to play down casualties in major natural disasters, and it is believed in Calcutta that this may be the case in West Bengal.

The state's fear allegations of negligence from their political opponents or charges that they failed to give sufficient warning to endangered populations. The Andhra Pradesh disaster last year became a political issue, with the central and state governments trading charges while little was done to help rehabilitate the survivors. It was several days before even the bodies were buried.

China alerts Japan and Australia

BY JOHN HOFFMANN

PEKING, Sept. 6.

CHINA said today that Japan, Australia and Some European countries were endangered by Soviet expansionism in South-east Asia.

The warning came in a commentary by the New China News Agency criticising Moscow's "resolute support for Vietnam's efforts to strengthen its international position."

The Soviet Union had openly declared that Vietnam was a reliable bridgehead of socialism in South-East Asia, the news agency said. It was clear that the relationship between Moscow and Hanoi was that of headquarters and bridgehead.

"A Soviet bridgehead in South-east Asia is also spearheaded against Japan, Australia and other countries in Europe which have traditional and close relations with the South-east Asian nations," the agency added. It was an especial threat to Japan. The agency quoted the Japanese magazine, Courier, which had said that Soviet infiltration in South-east Asia would threaten two crucial communication arteries—the shipping routes for Middle East oil and for Australian iron ore.

The Soviet Union was using tw pairs of pincers in its global strategy, the Agency said. One pair of pincers was in Africa, where Moscow was being served by Cuba, and the other was the Vietnamese bridgehead—"Cuba in Asia."

"The Soviet Union is penetrating into South-East Asia through this bridgehead in an attempt to replace the association of South-East Asian Nations (ASEAN) with an Asian collective security system."

It added that if Moscow succeeded in helping Hanoi to establish an Indochina federation, it could force the United States to withdraw from the Pacific in the East and cut its seat route from the Pacific to the Indian Ocean in the West.

AP-DJ reports from Tokyo: A Japanese report from Peking today quoted Mr. Teng Hsiao-ping, Chinese Vice-Premier, as saying that China would announce its intention of terminating the 1950 China-Soviet treaty of alliance by next April.

The Kyodo News Service said Mr. Teng made this clear to a group of Japanese editorial writers who are visiting China.

Reuter reports from Bangkok: Mr. Pham Van Dong, Vietnam's Prime Minister, arrived in the Thai capital today at the start of a fresh attempt by Hanoi to court friendship among the non-Communist countries of south-east Asia.

● China is building five hydro-electric power stations with a total capacity of 11,000 kilowatts on canals linking Peking and the Miyun reservoir to the North-east. This is nearly three times the total capacity of existing hydro-electric power stations in the capital's suburbs.

Crisis looms for Zambian fertiliser

BY BERNARD SIMON IN JOHANNESBURG

BOTTLENECKS on Mozambique's transport system, the inadequacies of Botswana's infrastructure and southern Africa's political problems are combining to create what could become another major crisis for the Zambian economy.

The problem revolves around consignments of fertiliser totalling 170,000 tons, which have been ordered by the Zambian Government (a small proportion is destined for Malawi) for the coming summer season. The fertiliser, which comes mostly from the U.S. and Japan, represents virtually all the country's requirements and ideally should be distributed to farmers by the end of September.

The original plan was to route the fertiliser, which has been arriving by sea since the end of July, through the central Mozambique port of Beira from where it would have been railed and trucked through Mozambique and Malawi to Zambia. By mid-August, roughly 75,000 tons of material had been unloaded in Beira.

Although conditions in the port itself are reported to be satisfactory, the Mozambique railways—where much of the equipment apparently is run down—have been unable to carry the fertiliser to the north fast enough to clear the docks at Beira.

As a result, two weeks ago the Mozambique Government ordered all ships carrying fertiliser for Zambia to proceed to the southern port of Maputo.

By this week, 78,000 tons of fertiliser had been discharged at Maputo, and another 12,000 tons is expected by mid-September. The South African, Rhodesian, Mozambiquan and Zambian authorities, as well as private forwarding agents and cartage contractors, are now involved in plans to move the fertiliser to Zambia as quickly as possible.

However, there are only two routes which can be used from Maputo. One is the rail link through South Africa and Rhodesia, crossing into Zambia at the Victoria Falls bridge. Although the Rhodesia/Zambia border closure has not prevented some goods, such as coal and copper, from crossing the frontier at Victoria Falls, the Zambians apparently are determined not to allow another exception to be made for the fertiliser. Mr. Richard Wilkinson, managing director of Manica Freight Services, which is co-ordinating the movement of the fertiliser, said last week: "There is no question of opening the Rhodesian border for this."

The alternative is to rail the fertiliser from Maputo, through the Transvaal to the north eastern Botswana town of Francistown, from where it would be transhipped onto trucks and transported into Zambia via the Kazangula ferry across the Zambezi river. This is currently the most popular route for South Africa's exports to Zambia, but many doubt whether it will be able to cope with 90,000 tons of fertiliser.

For one thing, only five rail wagons a day can be offloaded at Francistown station. Furthermore, it is estimated that the fertiliser will fill approximately 4,500 truckloads. According to South African freight forwarders, the Zambians already are refusing to commit their lorries for other freight, and are commandeering every large truck they can find. There are also doubts about whether the Kazangula ferry will be able to meet the demands which will be made on it, since in the past it has carried no more than about 800 trucks a month across the river.

Finally, because of the damage which heavy trucks can cause to the dirt road to Kazangula, the Botswana Government usually imposes a 14-ton limit on axle loads at the beginning of the rainy season in October.

South African cartage operators are sceptical of the chances of getting the fertiliser to Zambia in time for farmers to sow their crops, if the Kazangula route is used. One says that "there will be terrific congestion at the ferry and at the delivery points."

Although fertiliser has begun moving out of Maputo destined for Francistown, a South African Railways spokesman says that "Nothing has been decided on how we're going to get it to Zambia or at what tempo." Mr. Wilkinson adds, however, that his firm is "negotiating at very high levels for the provision of facilities."

WORLD TRADE NEWS

Tokyo visit may lead to fibre sales breakthrough

BY RHYS DAVID

COURTAULDS, Europe's biggest fibre group, is hoping for increased sales of its viscose staple fibres in Japan, following talks held recently in Tokyo by Sir Arthur Knight, the company chairman, with officials from the Ministry of International Trade and Industry and from the trading group Mitsui.

The company set up offices two years ago in Tokyo and Hong Kong to spearhead a major drive into Far East markets, and has already built up modest levels of business in Japan for Viloft, its modified viscose staple fibre with special moisture absorbency characteristics.

Following the latest talks, however, the company, one of the world's main producers of viscose, is hoping to increase its deliveries not only of Viloft but of standard viscose which is used, particularly in blends with cotton and synthetic fibres, in a wide variety of apparel end-uses.

Courtaulds is basing its hopes Jpanese office will be able to win sales in two other selected product areas—acetate (widely used in linings) and car seat fabrics. During his visit, Sir Arthur held talks with Japanese car producers, some of which are already doing business with UK fabric groups.

Coutaulds is basing its hopes of being able to increase its share of the Japanese market on the competitive advantage which lower UK manufacturing costs give it. The company believes that with the appreciation of the yen it should be able to land viscose at around 10-12 per cent below the local price, and that this will enable its partner Mitsui to develop business with Japanese textile manufacturers.

The UK company, however, has been experiencing obstacles to increased trade in Japan as its business has built up and Sir Arthur's visit to government officials was intended to iron out these difficulties. Mitsui is understood to have emphasised its commitment to free trade and as such its neutrality on the question of where Japanese manufacturers obtain their supplies.

Some extra business has been booked by Courtaulds since Sir Arthur's visit and the company is hoping this will lead to further growth in orders.

Sir Arthur also visited China as a member of the UK delegation headed by Mr. Edmund Dell, Secretary for Trade. As a result of this visit, Courtaulds remains hopeful of securing an order from China for an acrylic plant. Courtaulds supplied a relatively small plant to the Chinese in the 1960s and earlier this year a senior delegation from Peking visited Courtaulds in Birtain. A team from Courtaulds is understood to be standing by waiting to go to China when the Chinese are ready to receive them.

Expansion of its man-made fibre production facilities, to release land now used for growing cotton for food purposes, is thought to be a Chinese priority. The Japanese are already involved in the building of a polyester plant but it is thought the Chinese will want to spread their ordering with more than one supplier.

Sell harder to the Japanese, Lambsdorff tells West Germans

BY JONATHAN CARR

BONN, Sept. 6.

WEST GERMAN enterprises were urged today by the Economics Minister, Count Otto Lambsdorff, to redouble their efforts to penetrate the Japanese market.

His statements come at a time when German exporters are registering a sharp increase in deliveries to Japan—although a big trade deficit still remains. German exports to Japan in the first half year rose by nearly 19 per cent against the same period of 1977 to DM 1.7bn while imports increased by 8.6 per cent to DM 3.4bn.

In a newspaper interview, Count Lambsdorff—who has just returned from an Asian tour—noted that the Japanese were now moving to open up their market more. This was partly because of the pledges made at the Western economic summit conference in July, partly because of American pressure.

He noted that while several major German firms were represented in Japan, other enterprises had not done enough in the last few years to gain a foothold there. There were many excellent Japanese import firms through which German medium-sized concerns in particular could do valuable business.

Count Lambsdorff also stressed that the Japanese had been even harder hit than the Germans by the recent currency turbulence. Thus the relative competitive position of German manufacturers aiming at the Japanese market had improved.

A different accent on the same topic is laid by the Berliner Bank in a recent examination of the consequences of the upward movement of the yen. The bank suggests that this may force the Japanese into ever more technically sophisticated products in which price plays a relatively small role, thus bringing still tougher competition for West Germans in a field in which they currently excel.

Meanwhile, another study just released underlines the extent to which Japanese vehicles are increasingly penetrating the German market.

The Deutsche Automobil Treuhand of Stuttgart notes that in the last two years Japan has virtually doubled its automobile exports here. In the first half of 1978 alone Japan had sold 48,000 cars on the German market—54 per cent more than in the same period last year.

It was conceivable, the study said, that next year the Japanese could displace Italy to take second place (after France) in the list of foreign vehicle deliveries to the German market.

Reuter reports from Washington: Secretary of Commerce, Mrs. Juanita Kreps, will head a U.S. export development mission to Japan on October 1, the Commerce Department said.

More than 100 officials representing 80 companies will take part in the mission to increase U.S. exports to Japan and encourage Japanese investment in the U.S.

The delegation will concentrate on increasing exports of original car parts, advanced scientific equipment, modern management equipment, food processing and packaging machinery and general industrial equipment.

Mason seeks investment

TOKYO, Sept. 6.

MR. ROY MASON, British Secretary of State for Northern Ireland, today urged Japanese businessmen to invest more in Britain, especially in Northern Ireland.

Mr. Mason told a British Chamber of Commerce lunch: "The time is now ripe for further initiatives by Japanese industry."

He said investors from Japan would be welcomed on equal terms with investment from British industry itself. "We are looking for investment which increases our productive capacity, enhances job opportunities, benefits our balance of payments, introduces new technology and generates extra demand for our supplies of components and materials," Mr. Mason said.

Mr. Mason arrived last night for a five-day visit. Reuter

GEC problems in Taiwan

By Lynton McLain

TEETHING troubles with trains supplied by GEC Transportation Projects to Taiwan may lead to payments being suspended until the problems are rectified, the Taiwan central news agency said yesterday.

GEC Transportation Projects was appointed as project manger for the electrification of the 450km west coast railway line in 1974, in an £80m contract. The overhead power lines and telecommunications equipment supplied by GEC companies were installed satisfactorily earlier this year and the project was said to be on schedule.

But only 20 days after the multiple-car units entered service, the shock absorbers were found to be rubbing with the gear boxes. This could have caused mishaps at high speed the Taiwan railway company was reported to have said.

GEC said the repaired trains would be back in service next week

British industry worried by Iraqi imports ban

BY OUR FOREIGN STAFF

BRITISH COMPANIES exporting to Iraq are worried that some Iraqi state organisations are beginning to implement Government directives limiting imports from the UK. The directives were originally issued immediately after the expulsion of 11 Iraqi diplomats from Britain in July.

The directive banned the import of British goods, except in "special circumstances" and with the permission of the Iraqi political leadership. So far, the ban is only being rigorously applied by a minority of state organisations. Despite Press reports that negotiations for two major contracts have been halted, negotiations for two of the largest contracts for which British companies are bidding—the $1.8bn Baghdad-Hussaiba Railway and the UMM Qasr civil port development—are going ahead. George Wimpey, which is a leading contender for both contracts, has so far not been affected by the new restrictions, and the company says that negotiations are continuing without hindrance.

It will be some time before the full effect of the ban becomes apparent. Earlier in the year, the Government in Baghdad imposed similar limitations on the award of contracts to West German companies, complaining that, as Iraq's biggest supplier, West Germany was not buying enough Iraqi oil. Some contracts signed with West German companies were abruptly terminated, but it was only in July that restrictions on West German exporters began to have a significant impact.

Any partial ban on the import of British goods is likely to be modified by Iraq's keen sense of its own economic interests.

Record fo[r] oil tanker scrapping

By Lynton McLain

MORE OIL tanker tonnage scrapped during the first ha[lf] this year than ever before, I. Jacobs, London shipbro[ker] said yesterday in its latest ta[nker] fleet review.

The unprecedented scra[p] programme contributed [to a] reduction in the total worl[d] of oil tankers from 3,561 ve[ssels] at the end of last year to vessels on June 30.

A total of 166 ships, amou[nting] to 7.1m deadweight tons, scrapped during the six m[onth] period. The previous hi[gh] figure was during the first of 1976, when 154 ships, tota[lling] 5.3m tons were demolished.

Two-thirds, 104, of scrapped ships belonged private owners and 57 wer[e] company ships, with an av[er]age of 18 years.

Deliberate scrapping was [aug]mented by three total loss[es at] sea, including the Amoco C[adiz] which was stranded off the [Brit]tany coast this summer. losses amounted to 282,321

The world tanker review that Liberian flag vessels le[d with] vessels totalling 104.4m vessels totalling 104.4m weight tons. The UK second, with 269 vessels tota[lling] 29.2m dwt, followed by with 191 ships at 28.7m dwt.

The report said that 41 ta[nkers] were built and delivered in first six months of this over 2m dwt less than for at the start of the year, world shipbuilding order on June 30 comprised tankers totalling 15.6m dwt this, less than half would delivered this year, half year and the rest by 1982.

Danes attack Swedish subsidies

By Hilary Barnes

COPENHAGEN, Sept.

MR. GOSTA BOHMAN, Swe[dish] Economy Minister, came u[nder] attack from Danish industria[lists] in Copenhagen today whe[n he] defended Swedish econ[omic] policy at a meeting arrange[d by] Denmark's federation of [in]dustries.

Mr. Bohman presente[d a] picture of Sweden on the w[ay to] recovery, with a high gr[owth] rate, lower inflation and reduced balance of paym[ents] deficit. But the Danes compla[ined] of what they described as e[xces]sive subsidies to Swedish [in]dustry. Mr. Erik Rasmu[ssen] president of the federa[tion] described Swedish policy as new mercantilism. Pol[icies] designed to assist the struc[tural] adjustment of Swedish ind[ustry] were creating intolerably u[nfair] competition with Danish [com]panies, he said.

Apart from credit on fa[vour]able terms to shipyards, Da[nish] industry receives virtually Government subsidies.

Quoting from a Swedish W[hite] Paper, Mr. K. Brockdorf, ma[nag]ing director of Nordisk Tek[stil]tryk (Denmark's biggest [pro]ducer of printed textiles), that his principal competit[or in] Sweden was receiving subsi[dies] worth 35 öre for every kr of sales made by the compa[ny in] 1977 and 1978. As a result own company was forced to in the Swedish market at a l[oss].

Mr. Erik Qvistgaard, of Odense shipyard, said Sweden's support for its s[hip]yards was exporting unemp[loy]ment. He cited a case in w[hich] two ships of about 40,000 built with state subsidies w[ere] recently sold to a Dutch ow[ner] at between Kr50m and Kr[...] (£5m-£8m) below production [cost]. His own yard was trying to a similar type of ship.

Mr. Bohman, a conservat[ive] member of the Swedish coaliti[on] said that in principle he agr[eed] with his Danish critics, but s[ub]sidies were necessary to prev[ent] the slump in demand from ha[ving] a very sudden impact on shipyard, steel and textile ind[us]tries, leading to heavy unemp[loy]ment. The Swedish Governm[ent] was the only Government of major shipbuilding nation to forward a programme for radical reduction in shipy[ard] capacity.

Growing role of aid in UK export[s]

BY MARGARET HUGHES

BRITISH EXPORTERS are urged to make more use of British aid funds when selling to the developing world. Opening a discussion group at the London Chamber of Commerce and Industry yesterday, Mr. Jim Rooke, chairman of the Chamber's Export Finance Group, said that foreign aid is now an increasingly important weapon in the battle for overseas contracts.

Part of the problem he told the Financial Times was that British companies are largely unaware of the aid funds available to them. This is why the Export Finance Group decided to devote yesterday's meeting to Britain's trade and aid policies. Mr. Rooke also emphasised the need for British aid to be more commercially orientated and welcomed the beginnings of a movement in this direction, particularly the decision last year to allocate a percentage of aid funds to "credits mixtes."

The main speaker at the meeting was Sir Peter Preston, Permanent Secretary at the Ministry of Overseas Development (ODM) who explained Britain's current aid policy.

Sir Peter conceded that in recent years British aid policy had switched its emphasis more towards the poorest nations so that some 53 per cent of total aid funds now goes to those countries with per capita income of less than $280 per head. This, he said, inevitably means that most of these funds are spent on rural development schemes with only a limited commercial spin off.

Even so some 38 per cent of British aid is effectively tied of the £377m provided on a bilateral basis last year, £250m was in the form of bilateral financing of which some £130m was project aid mostly tied to either British or local suppliers while all bilateral technical co-operation although admittedly of only indirect commercial value, is all tied aid.

The remaining portion of British aid last year amounting to some £206m, was provided through multilateral institutions and of this, Sir Peter said, British companies generally receive £1-worth in orders for every £1 contributed.

Sir Peter also gave more details of a new special fund created within the bilateral aid programme whereby 5 per cent of funds—amounting currently to some £30m—is made available to provide soft loans for purely commercial projects. This would be for projects which would not normally be regarded as a priority for aid funds.

The aid funds would generally form part of a financial package, mainly as a mixture with export credits in the ratio of one part aid funds to four parts credits. This "credits mixtes" form of financing is already widely used by Britain's competitors in the developing world, particularly by France, and is a form of financing generally frowned upon by the Gentlemen's Agreement on export credits, especially by the Americans who are totally opposed to such financing. Nonetheless this form of mixed financing can be expected to play an increasing role in British efforts to win overseas contracts.

The scheme is still in the experimental stage and has so far only been used in a handful of contracts though there have been a large number of applications. In many cases projects have not materialised but more often the Ministry of Overseas Development has not been approached until the very last stages of the negotiations. All such projects have to be sponsored by either the Department of Trade or Department of Industry

Another speaker, Dr. Richard Mayne, of the London Office of the EEC Commission, outlined the aid facilities available through the European Development Fund.

However, it was clear at the London Chamber meeting that most contractors were unaware of the fund's existence and in the discussions afterwards ma[ny] contractors also criticised [the] ODM for not publicising [its] facilities generally and for [not] announcing its loans ear[ly] enough.

Meanwhile Mr. L. E. Ollier [of] the British Consultants Bure[au] stressed the need for Briti[sh] contractors to register with [the] multinational funding institutio[ns] and to make direct and regula[r] contact both with their officia[ls] and those of the recipient country. But he warned that thi[s] was both time consuming an[d] expensive and thus often a con[siderable] burden for the small [and] medium sized company.

Welcome news to these com[panies] is that the British Over[seas] Trade Board (BOTB) currently considering measure[s] to aid small to medium si[zed] companies competing abroad fo[r] contracts of £10m and under. Within the next two months so the BOTB is expected to announce a scheme whereby will compile a list of companies prepared to organise, co-ordinate and help finance consortia for overseas projects acting as a contact point to bring smaller companies together. The consortia leaders will have to satisfy the BOTB that they have the financial resources and experience in both the particular areas of activity and of managing groups of contractors.

طبقاً عن الأصل

HOME NEWS

Thorpe loses role as foreign affairs spokesman

BY IVOR OWEN, PARLIAMENTARY STAFF

MR. JEREMY THORPE, the former Liberal leader, was at the centre of a new controversy yesterday after being dropped from his role as the party's spokesman on foreign affairs.

His exclusion from the Liberal shadow Cabinet was disclosed by Mr. David Steel, the Liberal leader, in a terse statement. Mr. Steel said that as a temporary measure, he had taken over Mr. Thorpe's foreign affairs role.

The impression given by the Liberal Party was that this was an amicable arrangement agreed when Mr. Steel and Mr. Thorpe met in London last week.

But Mr. Thorpe, on bail facing charges alleging incitement and conspiracy to murder Mr Norman Scott, the male model, quickly made it clear that he had not been given notice of the announcement.

"This is interesting news. No doubt in due course Mr. Steel will be letting me known what he has in mind," he said.

Mr. Thorpe had already decided to take no part in the Liberal Party's national campaign in the General Election, but to concentrate on retaining his North Devon constituency, where he had a 6,721 majority in October 1974.

Inner city clean up will cost £15m

FINANCIAL TIMES REPORTER

THE GOVERNMENT is to spend £15m over the next three and a half years to give a new look to inner city areas.

The scheme, to be known as "Operation Clean Up," was launched yesterday by Mr. Peter Shore, Secretary for the Environment.

He said that the cash would go to 29 districts most in need of being spruced up. The scheme will consist of a range of small projects which can be carried out quickly.

"The kind of thing I have in mind includes the clearance of rubbish from vacant and waste land (including waterways), provision of top soil and grassing vacant sites, planting trees and shrubs, putting up screens, cleaning or repainting street furniture, fencing improved areas, cleaning and painting prominent buildings and removing eyesores."

Shabby and abandoned pockets of land affected not only those who lived nearby but also deterred business from investing.

Operation Clean Up comes a month after the introduction of the Inner Urban Areas Act designed to give increased powers to local authorities to attract industry back to the cities.

Shoe industry agrees to improve service

BY OUR CONSUMER AFFAIRS CORRESPONDENT

MOST multiple footwear companies have agreed to improve service and protect jobs in the shoe industry as an alternative to cutting profit margins by at least 2 per cent, Mr. Roy Hattersley, Prices Secretary, said yesterday.

Mr. Hattersley was laying an order before Parliament limiting footwear companies' profits margins from October 1.

Under the order, 39 multiple footwear companies—which combine most of the British shoe industry — have agreed to limit profit margins to last year's level and to give assurances on non-price matters, such as service, employment, and limiting imports.

Companies that have failed to give the Department of Prices such assurances will have to reduce gross margins in any six-month period to the level achieved in 1975, or last year's margin reduced by 2 per cent, whichever is greater.

The Department's order expires on October 1, 1980.

Akroyd expands range

BY MARGARET REID

AKROYD & SMITHERS, the large London stockjobbing concern, is to widen the range of South African gold mining shares — Kaffirs — in which it deals.

Akroyd, which began trading in about 15 of these stocks in April, will add about 30 more names to its book, so covering the whole list, from October 1, the beginning of its next financial year.

The company moved into this market after the abolition of the exchange control requirement that 25 per cent of the proceeds of sales of overseas stocks by British investors had to be surrendered without attracting the investment premium.

Smith Bros. is the other big jobber dealing in Kaffir shares. The smaller Charles T. Pulley trades in a number of South African gold mining issues.

Crown Agents' changes

MR. ALAN FROOD is to be managing director of the Crown Agents when the present holder of the post, Mr. Sidney Eburne, takes over the chairmanship from Sir John Cuckney on October 1, writes Margaret Reid.

Mr. Frood joined the Crown Agents in January, 1975, and is now controller of services to principals and director of financial services.

He began his career at the Bank of England and was afterwards in the Colonial Service in the 1950s. He returned to banking and in 1967 became a director of Bankers Trust International.

Mr. Henry Dale, now head of banking services, is to become director of financial services and a member of the board of management of the Agents, which handles purchasing and investment for about 100 overseas governments.

Sir John Cuckney leaves after presiding for four years over the Agents' recovery from its disastrous venture into secondary banking and property. He is also chairman of the Port of London Authority and is to become a director of the Midland Bank and chairman of the bank's Thomas Cook subsidiary.

Payments balance goes into £1.49bn deficit

THE COMBINED deficit on the current and capital accounts of the UK balance of payments amounted to £1.49bn in the April-to-June period, compared with a surplus of £173m in the previous three months.

The deterioration was entirely in the capital account, reflecting the weakness of sterling, and there was an improvement of £752m on an unadjusted basis on the current account.

The second quarter figures, published by the Central Statistical Office, include revisions to the earlier monthly seasonally adjusted estimates.

The invisibles surplus of £333m is £27m smaller than first estimated, while the visibles deficit is £4m smaller at £135m than earlier figures.

Following revisions to the first quarter figures, the cumulative current account deficit in the first half of 1978 is now estimated at £119m, rather than £84m, as before.

BALANCE OF PAYMENTS £M

	1976	1977	1977 4th qtr.	1978 1st qtr.	1978 2nd qtr.
CURRENT ACCOUNT	Seasonally adjusted				
Visible balance	−3589	−1709	−5	−612	−135
Invisible balance	+2452	+1998	+512	+295	+333
Current balance	−1137	+289	+507	−317	+198
Current balance	−1137	+289	+523	−429	+323
	Not seasonally adjusted				
Investment and other capital transactions	−2896	+4410	+1377	+79	−1139
Balancing item	+404	+2662	+32	+523	−678
Balance for official financing	−3629	+7361	+1932	+173	−1494
OFFICIAL FINANCING					
Net transactions with:					
IMF	+1018	+1113	0	0	−505
Other monetary authorities	−34	0	0	0	0
Foreign currency borrowing:					
By Government*	0	+371	0	0	+191
By public sector under exchange cover scheme	+1792	+243	+74	−219	−218
Official reserves (drawings on, +; additions to, −)	+853	−9588	+2006	+46	−2026

* Drawings on $1.5bn Eurodollar facility by Government and $350m New York bond issue. Source: Central Statistical Office.

Scrap car import curbs, says Datsun

BY TERRY DODSWORTH AND ARTHUR SMITH

DATSUN DEALERS in the UK, who represent the largest car importers in the country, demanded yesterday that the British Government should tear up the agreement restricting Japanese imports because it is doing nothing to help BL Cars.

"We have been used as political scapegoats to help BL, but it has not helped the company one iota," Mr. Peter Fletcher, chairman of the Datsun dealers' action committee, said yesterday. The committee wants a meeting with Mr. Edmund Dell, Trade Secretary, to discuss what it calls "this futile discrimination."

The Datsun dealers' initiative is bound to increase anxiety within the UK industry about Japanese companies' intentions for next year.

Reason

The industry had been hoping for further talks on limitation of shipments from Japan to follow this year's agreement to keep exports to the same level as last year. But, in spite of confident expectations that there would be a meeting at industry level this month to discuss further measures, the Japanese Automobile Manufacturers' Association has failed to agree on a date.

One possible reason for the delay is that the Japanese want to keep their options open until it is clear whether there will be a General Election this autumn.

But, there are fears among British manufacturers, who want to strengthen the agreement next year if possible, that the Japanese once again will try to get trading arrangements back to a normal basis.

The core of the dealers' case is that their voluntary restraint, designed to give BL Cars a breathing-space in its recovery programme, has not helped the British company at all. Instead, sales have gone to Continental importers. The Japanese market share in August, for example, went down by 2 per cent, while other importers' went up by 4 per cent.

The dealers say jobs are being lost in their distribution networks. A hundred outlets have closed in the past year.

Against this case, British manufacturers say that sales of Continental manufacturers in Britain are being balanced to a large degree by sales of UK components in the rest of Europe.

There has been no such reciprocal trading with Japan, which in the past has tended to be a fairly closed market, they add.

Holiday delay cover

BY ARTHUR SANDLES

BRITAIN'S travel agents are to offer insurance cover against holiday delays caused by strikes. The cover, provided by American insurers after difficulties in the domestic market in finding schemes, gives clients the right to cancel a holiday after a 24-hour delay, or to receive £20 a day compensation.

Members of the Association of British Travel Agents—which also includes tour operators—have contracted with the U.S.-based Home Insurance group for a £4.90 basic holiday insurance premium covering medical needs, baggage loss and forced cancellation as well as the new clause affecting strike delays.

The scheme is the result of delays which have affected thousands of travellers this year in the wake of the French air traffic controllers' dispute.

The new policy covers all forms of travel including coach, rail and ship within and outside the UK.

Du Pont starts £26m expansion

By Kevin Done

DU PONT, the U.S. chemical company, has started work on the $50m (£26m) expansion and modernisation of its synthetic rubber plant in Northern Ireland.

The company has been forced to up-date the plant because most of its competitors in Europe have already changed to a more economical process of producing neoprene synthetic rubber.

The existing plant at Maydown is based on acetylene. Most manufacturers have changed to another feedstock, butadiene, which is safer and more economical.

Second

The change of feedstock will also increase the plant's productivity and will boost capacity by about 40 per cent.

The neoprene plant at Maydown was the second to be built in Europe by Du Pont. It came on stream in 1960 and several synthetic fibre plants have been added. About 1,800 people are employed at the site.

Oil movement rise boosts traffic at British ports

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

TRAFFIC THROUGH British ports increased slightly last year—due entirely to a higher level of oil movements.

Non-fuel traffic remained at the depressed 1976 level of just under 122m tonnes. An increase of 4m tonnes in exports was offset by a similar decline in imports.

Fuel traffic, both foreign and coastal, totalled 336.2m tonnes last year, an increase of 1.5m tonnes on 1976—but was still 5m tonnes below the peak year of 1973.

There was a big increase in the flow of oil from the North Sea to British ports and this benefited terminals in East Scotland and North East England at the expense of the traditional discharge ports in Wales and Southern England.

Altogether, 9.8m tonnes of oil was shipped by tanker from the North Sea into Britain, compared with 3m tonnes in 1976 and 0.4m tonnes in 1975.

This led to spectacular increases in the volume of goods moved through certain ports. The Forth ports, for example, increased volume by 84 per cent and there were also healthy increases for the Tyne, King's Lynn, Great Yarmouth, Felixstowe, Ipswich and Harwich.

Another year of growth in container and roll-on roll-off traffic benefited certain ports—notably on the East coast where ports are able to take advantage of increased trade with mainland Europe.

Overall, 35.5m tonnes of container and roll-on roll-off business was handled last year, an 8.5 per cent increase on 1976, and again a record. Of this total, 60 per cent was carried by ro-ro services.

Dover, which handles roll-on roll-off but not container traffic, is the leading unit load port and last year had a total throughput of 4.9m tonnes, a 22 per cent increase on 1976.

Business at other large ports continued to decline. Traffic was down 20 per cent at Liverpool and 2.5 per cent at London. Southampton also suffered a 10 per cent decline.

Passenger movements in and out of the UK which doubled between 1968 and 1976, continued to grow. Last year's total was 3.7m higher than the 1976 figure.

Of last year's total, 34m travelled by air and 18.1m by sea. Dover was the busiest passenger sea point with 7.8m passengers. There were also increases in the numbers of accompanied cars and coaches.

Annual Digest of Statistics. NPC, Commonwealth House, 1-19, New Oxford Street, London WC1A 1DZ. £10.

Development agency spending runs ahead of its funds

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH Development Agency is likely to have spent its entire £300m budget before the five years it is intended to cover are up.

Sir William Gray, chairman, said yesterday that before 1980, when it will be five years old, the agency would have to scale down its activities unless further funds were available.

"Governments of whatever party are going to have to face the fact that, with our rising growth in expenditure, the agency is going to run out of money very quickly.

"Substantial funds have got to be made available if our growth is to continue and our help to industry is to continue," he said.

The agency's report for the last financial year shows that £51m was spent, compared to £25m in its first 15 months.

Sir William said that the agency expected to spend another £90m this year and more than £100m next year.

Most of the expenditure still goes on advance factory building and renewal of derelict land, but the amount devoted to industrial investment is growing rapidly. From £6.6m in 1976-77, it had reached £17.2m last year.

The 26 companies in which the agency has a stake made a combined operating profit of £968,000 last year, representing a return on investment of 8 per cent. However, after allowing for interest and other provisions, this became a loss of 3.3 per cent.

The Government said recently that the agency had a financial duty to achieve an average annual return of 15 per cent on its companies by 1980-81. Calculated to Treasury requirements, the return last year was 9 per cent.

Two companies in which the agency had a stake collapsed last year, with a total loss of £896,000. This compared with one failure the previous year at a cost of £105,000.

Mr. Lewis Robertson, chief executive, defended the agency's policy of continuing to accept risk investments and said it would not be deflected from its task by a few failures.

The money lost was 6 per cent of total investment, or 2 per cent of total spending—a performance comparable to or better than many private holding companies or financial institutions.

"We are here first and foremost for Scottish economic development and to create jobs in Scotland. Financial duties are one way of measuring our success, but only one way.

"We also have to look at the jobs in invested companies and in the factories we are building, and at the vigorous technological development started in them. Financial duties will be kept very closely in view by the agency."

He said the agency was not a source of soft loans and could not give grants. This was becoming increasingly apparent to companies, and the number coming forward reflected this fact.

Investment reserve idea 'unattractive'

BY DAVID FREUD

SCHEMES AIMED at smoothing the UK investment cycle through tax concessions would not work because of the structure of capital allowances, says a National Economic Development Council committee.

A working party, led by Sir Jeremy Morse, chairman of Lloyds Bank, concluded that an investment reserve scheme was "not attractive," unless the tax regime was changed.

This finding effectively rules out any prospect of such a scheme being introduced. The idea, modelled on Swedish practice, was first proposed in 1963. The Committee on Finance for Investment set up the working party investigation two years ago.

The working party report, published yesterday, said that releases from the Swedish Investment Fund were generally considered very effective in their contra-cyclical impact during recessions in the 1960s.

The fund effectively provided participating companies with 100 per cent first year depreciation allowances when they invested out of it, whereas for companies and investment projects outside the scheme, allowances were spread over the years in the usual way.

The party said that while it was likely the British economy would benefit from a moderation of the investment cycle, a similar scheme was unlikely to bring quick results.

Britain already had 100 per cent first year allowances for vehicles, plant and machinery, so far more investment than in Sweden got the benefit of effective "free depreciation."

Job-changers penalised on pensions, says Which?

FINANCIAL TIMES REPORTER

EMPLOYERS' Pensions schemes are penalising people who change jobs and do not help the aged as much as they could, according to Money Which? published yesterday.

The Occupational Pensions Board — an official body which supervises some aspects of the schemes — has been asked by the Government to investigate the pension problems of job-changers.

"It seems unjust for people who have contributed similar amounts to similar pension schemes to get vastly different pensions according to the number of times they have changed jobs," the magazine says. "While many people who change jobs do so to get promotion and a pay increase, many others change jobs involuntarily through redundancy."

The possibility of people losing on pensions could be a deterrent to changing jobs—which reduced the flexibility of the workforce.

The cost of many pension schemes was being kept down because of losses incurred by people who changed jobs.

Ashley Ashwood

M. Bernard Lthiere pictured with the A300 Airbus.

Laker negotiates to buy Airbus

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LAKER AIRWAYS, one of the UK's biggest independent airlines, is in an advanced stage of negotiation with the European Airbus Industrie Group for the purchase of up to six of the 250-seat B-4 version of the Airbus with options on at least four more aircraft, for use on its short to medium routes throughout Western Europe. This deal could be worth up to £75m.

The Laker interest in the Airbus became known at the Farnborough Air Show yesterday. Laker Airways confirmed that it was negotiating with Airbus Industrie, but declined further comment. Laker is known, however, to have been interested in the European Airbus for several months as a possible replacement for its fleet of One-Eleven short-haul jets for inclusive tour holiday flying.

Airbus Industrie made it clear that, while it was negotiating with a number of airlines for further sale of Airbuses, including Laker, it could not comment on indvidual negotiations.

Any Laker commitment to the Airbus would represent the first purchase of the aircraft by a UK airline.

Such a deal could go some way towards meeting French objections to British participation in development of the new A-310 version of the European Airbus, because no British airline has yet committed itself to any version of the aircraft. The French have wanted to see a commitment to the Airbus from British Airways as part of Britain's "entry fee" for rejoining the European consortium on a formal Government basis.

The opinion prevailing at Farnborough yesterday, however, was that if British Airways is not interested Laker is a good substitute and an order from any UK airline for any version of the Airbus would be sufficient to encourage the French Government to believe that Britain was still strongly interested in the long-term prospects of the programme.

Commitments

Laker's interest in the Airbus is dictated solely by its need to find a large-capacity profitable short-to-medium jet aeroplane for its increasingly busy European package tour holiday routes.

Airbus Industrie, in a report on the development of the Airbus family of aircraft, said that total commitments to date amounted to 162 aircraft, of which 113 were firm orders and the rest options, from 18 airlines.

On the basis of the future needs of these customers alone, Airbus Industrie is forecasting an eventual sale of at least 400 aircraft through the 1980s.

Mr. Felix Kracht, technical director of Airbus Industrie, said the company could not wait beyond the end of this month for a final UK commitment to the new A-310 version of the aeroplane, before allocating development work on the wings to other sub-contractors.

M. Bernard Lathiere, president of Airbus Industrie, made it clear, however, that the existing members of the European consortium could develop the new A-310 version of the aircraft without British participation, if there was no political agreement on the issue. "We would be much happier if the British were able to join us on the A-310," he said. "But we cannot wait for ever."

Tyne engineering faces 'uncertain future'

AN UNCERTAIN future is predicted for Tyneside's heavy engineering industry in a report of a six-month investigation into ways of attracting new investment.

The report, by Newcastle Council's planning and management services departments, says that there is a heavy dependence on a small number of big engineering factories which show no signs of immediate growth.

Major British share in joint air weapon project

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE UK and U.S Governments are developing a new "advanced airfield attack system," a type of "cluster-bomb," named the JP-233.

The Ministry of Defence said yesterday that the new weapon system, designed to be used by the UK, West Germany and Italian Tornado multi-role combat aircraft, as well as by F-111 attack aircraft of the U.S. Air Force, was in full development.

A significant features of the Anglo-American agreement is that while the cost of the development, likely to amount to many millions of pounds, is being borne jointly by the UK and the U.S., most of the work on it is being done in the UK.

The prime contractor for the development is Hunting Engineering, and it is expected that most of the work wil be done at factories in Wales, Manchester and the South-east of England. Abount 1,200 people will be employed initially, but when the weapon system goes into quantity production, this figure is expected to increase considerably.

Few details of the new weapon are being disclosed by the Ministry of Defence. But it is known that its purpose is to destroy enemy airfields used for the take-off and landing of conventional military aircraft.

In the West, the UK and the U.S. have developed various versions of the Harier vertical take-off and landing aircraft to ensure that they can retain a combat capability in the forward batlle zone even when conventional airfields are destroyed.

So far as is known, the air forces of the Warsaw Pact nations do not yet have a comparable development in such an advanced stage.

Chrysler U.K. sale would boost French power, says Powell

BY RUPERT CORNWELL, LOBBY STAFF

THE GOVERNMENT was urged last night by Mr. Enoch Powell to veto the proposed sale of Chrysler UK to Peugeot, to prevent the company from becoming in effect part of a French state bent on securing "economic and political hegemony in Western Europe."

The former Tory Cabinet Minister, now Ulster Unionist MP for South Down, told Chelsea Young Conservatives that he had never been afraid of foreign purchases of assets in the UK, especially when they added to the stock of Britain's productive capital.

However, the Peugeot-Chrysler deal not only threatened to bolster France's position in Europe, but was a further step towards this country's complete enmeshment in the Common Market—something to which Mr. Powell is opposed.

The speech, Mr. Powell's second of note on successive days, is a sign that he intends that his voice should be heard as much as possible during the election campaign, which seems certain to begin within a few days.

The most striking section was the distinction he drew between the virtues of a Chrysler controlled by a U.S. parent and one subordinate to a French group, which would become a part of French industry and as such part of the French State.

"In France, major firms are as much instruments and arms of the State, serving national purposes, as if they were units of the French army." The claims of the French State, though more civilised and humane, were as deep and potent as in Russia.

The effect of the proposed deal was political and not economic, he said. Should the Government—as was its right—block the replacement of one set of foreign owners of Chrysler UK by another, the American group would have to choose between hanging on to its British subsidiary or finding another buyer acceptable to the Government.

A Chrysler in French ownership would belong to a different scene. "That scene is French hegemony in Western Europe—a hegemony economic as well as political. True, it is a hegemony in the making, but a hegemony none the less.

Britain's entanglement in the Community was the assertion of continental hegemony over the offshore island nation—and within that, the domination of France was today a practical and growing reality.

"In the web that is being woven, the purchase of Chrysler UK by Peugeot would be one more thread. It is a political and not an economic question, a national and not an industrial question, upon which the Cabinet has to decide.

"If they understand, Her Majesty's Government will say 'No,'" Mr. Powell said.

Micro-processors backing by Britain 'could be wasted'

BY MAURICE SAMUELSON

DOUBTS ABOUT the prospects for setting up a successful micro-electronics industry in Britain—even with Government backing—were voiced yesterday by a representative of Texas Instruments, the U.S. multi-national semi-conductor company.

Mr. Robb Wilmot, managing director of Texas Instruments' U.K. subsidiary, said that national industries would find it "very tough" to become viable in view of the rapid advances in equipment made by multi-national companies such as his own.

He was speaking on the eve of a statement by Texas Instruments about further advances in possibly concerning the long-awaited 64K RAM (random acessory memory, housing 64,000 pieces of basic information).

The British Government's allocation of £70m to boost manufacture of semi-conductors and micro-processors was "useful," but the money would be better spent on the user end of the industry than on establishing U.K. capacity to produce components, he said.

It was instructive to compare the £7m which the Government collected in income tax from all the employees in the UK semi-conductor i ndustry with the £25m which the National Enterprise Board was committing to Inmos, the newly-created UK-based micro-electronics company.

Nevetheless, Texas Instruments was expanding its own investment here. New automated production lines were being moved into be plant at Plymouth and development activity was being expanded at Bedford.

The company's investment here was also expanding at a faster rate than in the other West European countries where it operated, and was "in no way affected" by the Government's attempts to build a British industry.

However, there were no immediate plans to establish new factories. Visits to Scotland and the Irish Republic last month by Texas Instruments executives were merely part of world-wide routine annual surveys, Mr. Wilmot said.

● Texas Instruments yesterday launched its latest teaching toy—Speak and Spell—which helps children to spell and pronounce more than 200 basic words. Aimed at the 7-12 age group, it will be available in the UK this year at a suggested retail price of about £35.

The company also announced thet first totall electronic quartz-analogue watch.

Cafe Royal wins award

THE GOLDEN Forks of the Committee of European Excellence will be awarded to the Cafe Royal, Regent Street, London, at a reception next Tuesday. It is the first time a British restaurant has been awarded this premier gastronomical honour.

M. Serge Vaissière, president of the committee, will present the award, a marble statue entwined with golden forks, together with a diploma.

U.S. pla[ns] to set up can plants in UK

FINANCIAL TIMES REPORTE[R]

CONTINENTAL CAN Compan[y] of the U.S. is considering settin[g] up two or three can manufactu[r]ing plants in the UK. It w[as] until recently largely preclude[d] from doing this under an agre[e]ment with Metal Box, Britain['s] biggest can producer.

Continental Can—an autono[]mous subsidiary of Continent[al] Group, reputedly the world['s] largest supplier of diversifie[d] packaging materials—said yeste[r]day that its board in New Yor[k] had not yet taken any maj[or] decisions on the British ventur[e] and that none was imminent.

Approaches to the Briti[sh] Steel Corporation about suppli[es] of tin-plate are understood t[o] have been made. Such a mov[e] would bring Continental Can int[o] direct competition with Meta[l] Box, with which it had clo[se] ties for more than three decade[s] until an agreement was renego[]tiated at the British group's r[e]quest last year.

The agreement, first signed i[n] 1930, covered technological co[-]operation between the two com[]panies. Metal Box and Continen[]tal Can swapped patents, trad[e] secrets and technical develop[]ments.

The British company wante[d] to re-negotiate because late[r] agreements stipulated that ou[r] partner should not use patents o[r] trade secrets supplied by th[e] other in any country where the company operated a subsidiar[y] or had granted a productio[n] licence.

In April Metal Box took 75 per cent stake in a join[t] beverage can-making ventur[e] with Standun Incorporated o[f] California.

Monetary union differences

FINANCIAL TIMES REPORTE[R]

DIFFERENCES in the approac[h] to proposals for closer Europea[n] monetary integration are hig[h]lighted in The Banker magazine published today.

Mr. Roy Jenkins, the presiden[t] of the EEC Commission, looks t[o] full monetary union in the Com[]munity, with the aim of one currency for all the members.

Dr. Otmar Emminger, presi[]dent of the Deutsche Bundes[]bank, comments on the short term prospects for progress in talks about creating a "zone of monetary stability" in Europe.

He says that the aim is "a system of genuinely fixed but genuinely adjustable exchange rates, and a system which would embrace as many European countries as would be ready to join."

Both men were commenting against the background of the initiative for closer monetary relationships in Europe taken at Bremen and Bonn earlier this year.

Boost

Mr. Jenkins says that his proposals on monetary union are designed "as a step towards the completion of the Common Market which still does not fully exist."

It would give a major boost to business confidence by removing exchange rate risks and inflation uncertainties between member states.

He envisaged a monetary institution which, when union was fully achieved, would be "not too dissimilar from the U.S. Federal Reserve system." It was clear that full monetary union would involve a single inflation rate.

Dr. Emminger says it would be unrealistic to resist the possibility of changes in exchange rate parities.

Asked whether he would be prepared to accept a compromise rate of inflation between, for example, the current rates in Germany and Britain, he says it would not be acceptable to them to harmonise the inflation rate upwards.

"We will not accept rules of the game that carry any such implication or anything more than a tolerable rate of price increase." This rate he puts at 1 to 3 per cent a year.

DAVID FISHLOCK, SCIENCE EDITOR, REPORTS FROM THE BRITISH ASSOCIATION MEETING AT BATH

Chemistry of sex traps pests

NEW PRODUCTS for controlling pests, based on the use of sex-attracting chemicals named pheromones, were likely to become commercially available soon, said Dr. Peggy Ellis, of the Centre for Overseas Pest Research in London.

In Britain, it was believed that these species-specific pesticides—expected to be non-polluting—might be valuable against many fruit and vegetable pests, including the codling moth, the pea moth and the cutworm.

The active ingredient of the pesticides—under development for more than a decade—was a synthetic version of the scent females use to attract the male. The chemicals were costly to make but only a small amount was needed.

Synthetic pheromones could now be used to lure several moths and beetles into a trap. Leaf-cutting worms in Lucerne had been drastically reduced by trapping males in this way.

Damage to fruit by grape berry moth caterpillars in the U.S. was cut from 15 to 6 per cent.

Dr. Ellis also described the "confusion technique" of luring pests, in which the release of a pheromone in the area of a crop could prevent male and female pests from finding one another.

To control the pink bollworm in cottonfields, a machine had been used to place loops of synthetic fibre incorporating the chemical on the cotton plants.

Tate and Lyle to spend £20m on sugar-to-chemicals venture

TATE AND LYLE has committed £20m to the development of new uses for sugar cane and other crops, as sources of energy and chemical feedstocks, its chief executive for research and development told the British Association at Bath yesterday.

A new Tate and Lyle factory, expected on-stream near Liverpool early next year, will produce—for the first time anywhere—premium-value chemicals from sugar, said Prof. A. J. Vlitos in his presidential address on "creative botany" to the botany section.

Another new venture by his company sought to engineer a packaged alcohol distillation plant, which it would try to sell to tropical countries.

It would aim at replacing the relatively crude stills used by cane-sugar factories in Brazil and Pakistan to make alcohol from sugar-cane as a fuel.

Brazil was already running 15 per cent of its cars on a mixture of fermentation alcohol and petrol, but the stills used were very primitive.

Fiat expected to be in production for Brazil shortly with a new car engine, named the Totem, designed to run on an 80 per cent alcohol-petrol mixture.

Although for most countries it was still cheaper to make ethanol (industrial alcohol) from ethylene, within 15 to 20 years it would be cheaper to make ethylene from alcohol fermented from energy crops such as sugar.

Agriculture was the most important, yet most neglected, technology for harnessing solar energy. Sugar-cane and cassava represented two of the most efficient devices for collecting solar energy.

Farming 'less energy efficient'

Agricultural technology had become less efficient in energy use in recent years, said Professor Peter Wilson, chief agricultural adviser to BOCM Silcock.

The technology had been improved, but Britain was using nearly ½-tonne of oil-equivalent per person to provide the average consumption of 31 kilograms of protein a year.

This was as much as the commercial energy consumption per head for all purposes in the developing world, said Prof. Wilson.

It required more than 12 tonnes of oil-equivalent to land an edible tonne of "luxury" shrimps in some countries.

In Britain, glass-house heating accounted for 25 per cent of the oil-based fuels used in agriculture. Fuel for early tomatoes accounted for 40 per cent of production costs.

Although agriculture used less than 4 per cent of national energy consumption to provide more than 55 per cent of Britain's unprocessed food, the total energy content of UK food when processed was nearer 16 per cent of national energy consumption. This was similar to figures quoted for Australia and the U.S.

In the short term, energy savings would slightly modify patterns of agriculture. But in the long term, agriculture "must become less dependent on energy-supporting systems, and this will have a major effect on production systems."

Changes could include husbanding different species which require low energy inputs on land or water not previously used for food production. The application of "genetic engineering" could also be used to make plants fix nitrogen more efficiently.

Work service for engineers

AN EMPLOYMENT service for qualified engineers was launched in London yesterday by two professional bodies in conjunction with the MSL international recruitment consultancy.

Called MSL Engineering, the service will maintain a register of members of the Institutions of Mechanical Engineers, and Production Engineers who have Higher National Certificates and want to change jobs.

Recovery of fish stocks will take time

THERE IS no sign yet of recovery in North Sea herring stocks in spite of the total ban on fishing them, said Dr. D. H. Cushing, deputy director of the Ministry of Agriculture and Fisheries laboratory at Lowestoft.

But with care, he added, stocks could recover after five years, or after a decade with less luck and produce a million tons of herring a year for the markets.

Dr. Cushing said that the herring ban might not be the last that would have to be imposed. Considerable concern was being expressed about the state of North Sea haddock stocks, while catches of mackerel in the North Sea might also have to be banned.

Although 18 of the 43 North East Atlantic fishing sectors were over-exploited, conservation offered considerable hope for the future.

There was a chance of revvial of the once massive herring industry which prdouced 2.5m tons of fish in its heyday.

Dr Cushing said that the quotas would have to be observed and fishing with small-mesh nets curtailed. Such moves could lead to an extra 200,000 tons of white fish being taken in British Isles waters.

If Norway pout fishing stopped, up to 100,000 tons of haddock and whiting might be gained as the young of these species would not be caught accidentally in the small-mesh nets that were used.

Higher investment rate urged by top economist

A HIGHER rate of investment for the next 10 years, to insure against the risk of "bumps" in world energy prices, was urged yesterday by Dr. Michael Posner, the Cambridge economist.

He was addressing the economic section on the question of whether a shortage of energy would put a brake on world growth.

Dr. Posner forecast that it was very likely that fuel would rise in price by "quite large amounts" over the next 30 years.

He also stressed that the lead time for new energy projects was "very long indeed."

If the UK's gross domestic product was to double by the end of the century, it was hard to envisage its consumption of energy growing by less than between 60 and 70 per cent.

But if it was argued that it would be impossible for gross domestic product to increase at that pace, he would retort that energy demand would therefore grow more slowly, and the upward pressure on energy prices would be less.

"Less resources will need to be put into new methods of energy supply, and less money will have to be spent on conservation," he said.

The risk of energy shortage was a curse of growth, "and to the extent that we cannot attain any desired growth path, the energy shortage will not materialise."

There was only one respect in which the costs of energy shortage needed to be added to other incipient threats to growth.

Some economists argued that a potent cause of a deceleration in growth would be the failure of investors to mobilise sufficient resources for productive investment.

In fact, if the pool of investment did not expand through time, and an increasing share of that investment was taken by the needs of the energy sector, "in principle we might say that men working in factories would be deprived of the new machinery they needed to increase output."

This would happen "because the investible resources were being divested elsewhere—for example, digging for inaccessible oil or building highly capital-intensive nuclear power stations."

Even in this case, however, the slower economic growth would reduce the demand for energy.

But eventually the higher cost of providing even a 1-4-1 replacement of the present low-cost fuel sources might eat into the investment needed for growth in manufacturing industry.

Marine takeover

K. Foreman (Marine), manufacturer of steering gear for yachts, Service and commercial craft, has been acquired by Simpson-Lawrence.

OBITUARIES

Leo Wright

Mr. Leo Wright, president of Tomatin Distillers, has died at the age of 76. He joined Tomatin in 1919 and became a director in 1940. He was managing director from 1945 to 1968. He was also on the management committee of the Malt Distillers Association from 1948 to 1972.

Angus Kennedy

Mr. Angus Kennedy, former chairman of Ault and Wiborg, has died at the age of 87. Mr. Kennedy joined A and W in 1923, became managing director in 1928, and chairman in 1956. He retired in 1968.

Mr. Kennedy was responsible for the flotation of A and W as a public company in 1934. He was past president of the Society of British Printing Ink Manufacturers, and of the Printers Charitable Corporation.

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Congress pledges restraint but rejects pay policy

THE TUC conference carried three major economic and pay motions yesterday which made clear to the Government that there would be no further overall co-operation in a rigid pay policy and that the TUC would firmly oppose any Government attempts to interfere with wage bargaining under Phase Four of its anti-inflation policy.

In composite motion 18, Congress pledged itself to playing its part in pursuing policies aimed at reducing inflation, increasing living standards, and reducing unemployment.

The motion urged the Government to adopt the trade unions' proposals for increased public enterprise with public supervision of investment. It also called for new planning with "the constructive use" of North Sea oil revenues to boost public sec-

Trade union priorities for voluntary collective bargaining were set in composite motion 12 (carried overwhelmingly but not unanimously) which backed the freedom of unions to negotiate in their members interests.

The motion firmly opposed Government intervention in wage bargaining and "any form of restrictive Government incomes policy."

Priorities included negotiation of a 35-hour week, a reduction in overtime working, the creation of just and adequate differentials and an end to discrimination against public sector workers.

Composite motion 11 sought a reduction in unemployment as "the highest priority" with a major cut in working hours and early retirement as a means to that end.

On the special problems of the public sector, composite motion 13 blamed the cash limits system for diminishing standards in public services.

Conference threw out overwhelmingly a motion moved by the National and Local Government Officers Association which recognised that the Government would "always take a view" on the level of wage settlements and which said that free collective bargaining had "never been a reality" in the public services.

MR. LEN MURRAY, TUC general secretary, warned the Government against setting itself "frozen into a rigid formalised attitude" on pay policy.

He also reminded the Government that last year's TUC agreement on the 12-month rule for wage settlements was formally ended. It would now be up to unions themselves to decide when their next wage round began.

On the need for an end to rigid implementation of pay policy, Mr. Murray emphasised that there had to be sufficient flexibility if unions and employers were to sort out difficult problems and anomalies and to take account of profitability "without splash headlines about defeats or surrenders or nonsense of that sort."

Mr. Murray was explaining to the conference the TUC and Labour Party Liaison Committee's thinking behind its paper "Into The Eighties—An Agreement." He repeated that a rise in living standards over the coming year would depend on the Government's economic and social policies and trade union response to them, rather than on pay guidelines.

Short arms

In arguing against an imposed rigid pay policy, the TUC had impressed on the Government the existence of inbuilt constraints in voluntary collective bargaining—namely, that employers were sitting on the other side of the table and that employers, including those in the public sector, had "very short arms and keep their money in their socks."

In the TUC view, the Government was also seriously underestimating the lessons that trade unionists had learned from the inflation of 1974 and 1975.

"We believe that the memories of these events are still sufficiently strong to influence negotiators and those they represent."

On the trade union case for the shorter working week, Mr. Murray conceded that this was by no means the full answer to unemployment.

The strong case for a 35-hour week was that it was now high time to give people more leisure and "to put an end to the antiquated idea that some classes of workers have some sort of natural right to a shorter working week than others."

Mr. Murray said that the TUC was not prepared to interfere in the independence of union negotiators in voluntary collective bargaining with employers. Neither was it "necessary or desirable for the Government to be sitting on the other side of the table as well holding the employer's hand—and holding it tight shut at that."

Mr. Murray said there was no disagreement between the Government and the trade unions on the objectives of reducing unemployment and containing inflation but there were differences over the methods for achieving these objectives.

But he emphasised that it was "perfectly consistent" to have agreement with the Government on a wide range of aims and to go on working with the Government to achieve them, while disagreeing with some of the things they were doing.

Mr. Lawrence Daly, general secretary of the National Union of Mineworkers, moving the main pay motion rejecting Government wage controls which was adopted by Congress, said that the Government had not gone far enough in meeting its side of the social contract.

The Government ought to be taking a fresh look at the responsibilities it agreed to undertake when the trade unions undertook their part of the bargain in 1974.

The union, though, did not want free bargaining without regard to the interests of the whole community—the rest of the collective.

Flexibility was necessary to allow the restoration of differentials and allowances and a reduction in hours to a 35-hour week.

He hoped the miners would be among the first to benefit from a reduction in hours because of the appalling working environment in which they were employed.

The motion, though it rejects what will be one of the major planks of an election campaign, could, he said, be the basis for a further period of co-operation, not necessarily uncritical, with the present Government.

On the basis of the unity that could emerge, the trade unions could work together with the Labour Government which Mr. Daly said he fervently believed would be elected at the next General Election.

Mr. Daly's motion was seconded by Mr. Ken Gill, general secretary of TASS, the white-collar section of the Amalgamated Union of Engineering Workers.

The composite motion, he declared, at last took the trade union movement along the right road. "Judging by many of the dramatic conversions, it will take us to full employment via Damascus."

Congress had listened to the Prime Minister on Tuesday and he hoped that the labour movement would now listen to the united voice of Congress.

Congress must not allow a genuine desire to support the Labour Government to detract from the vision of where it was going.

Mr. Ken Baker, national industrial officer of the General and Municipal Workers' Union, supporting the motion proposed by Mr. Daly, said that his union regretted that the Government had decided to try again to enforce another rigid pay ceiling.

It was unnecessary and counter-productive if it was to be enforced by crude sanctions. Progress could be made only by bargaining freely.

Mr. Bill McCall, general secretary of the Institution of Professional Civil Servants, said that Mr. Callaghan, in his speech to Congress on Tuesday, had grossly distorted the trade unions' position on free collective bargaining.

The composite motion was not a licence for irresponsibility and it was not a certificate for anyone to push their own pay claims to the detriment of others. Pay differentials had not just been compressed by incomes policies, but had been turned upside down. Action had to be taken now.

Supporting NALGO's independent motion on pay, which was defeated by a large majority, Mr. Sid Weighell, general secretary of the National Union of Railwaymen, said that wages could not be seen in isolation to the nation's general economic position.

It was illogical to want state planning to deal with all other resources but to want a free market economy to deal with pay.

Representing an area of opposition to the composite motion 12, Mr. Tom Jackson, general secretary of the Post Office Workers Union, said the union preferred a pay policy to be negotiated with the backing of 11.5m trade union members

TUC BRIGHTON

Congress reports by Christian Tyler, Labour Editor; Alan Pike, Pauline Clark and Philip Basset. Photograph by Terry Kirk

Mr. Len Murray addressing the conference

Solemn burial for wage limits

AFTER loyally praising James Callaghan, the TUC yesterday ceremoniously buried his 5 per cent incomes policy.

But the ritual was soberly and solemnly performed with pledges of continued restraint and responsibility.

As Mr. Len Murray emphasised, the return of free collective bargaining would be heavily influenced by the cautionary memories of inflation in 1974 and 1975.

What the TUC was interring was only the Government's "rigid figure" and its "frozen attitude."

The TUC was not "hell-bent on confrontation," said Mr. Murray. There would be enough constraints on union negotiators without the Government's deadening hand.

Mr. Murray diffidently but pointedly suggested that unions should make the 35-hour week a priority in their bargaining.

Congress joined overwhelmingly in completing the formal despatch of the policy into which, only 24 hours earlier, the Prime Minister had tried to breathe new life.

Mr. Ken Thomas, of the Civil and Public Services Association, in perhaps the most joyful of yesterday's funeral orations, declared incomes policy "dead, finished and defunct."

But he insisted that the wake was not going to disintegrate into a free-for-all.

Mr. Lawrence Daly of the Mineworkers Union, who ushered in the social contract three years ago, now saw the demise of incomes policy as a new basis for co-operation. "I do not want free collective bargaining without regard to the interests of the rest of the community," he said.

The religious fervour with which the TUC was embracing collective bargaining was hardly justified by the blessings it had so far bestowed on workers, Mr. Glyn Phillips, of NALGO suggested.

35-hour week urged to cut unemployment

UNIONS should not be impeded in their efforts to achieve a shorter working week by the Government's pay policy, Mr. Moss Evans, general secretary of the Transport and General Workers' Union, told Congress.

Mr. Evans was moving a composite motion demanding a major reduction in working hours to help overcome continued high unemployment. Many delegates, he said, remembered what mass unemployment meant before the war. Social security might have taken the sting out of unemployment today but there remained no really adequate compensation for being without a job.

Between now and 1981, another 900,000 workers would come onto the labour market at a time when there were fewer and fewer job opportunities. He was confident that a reduction in the working week would be a major way in which to create jobs.

Mr. Evans suggested that full achievement of the 35-hour week could create up to 750,000 jobs, 200,000 of them in the public sector.

The trade union movement must make it clear that nationally determined pay levels could impede moves to create jobs through the shorter working week. He regretted the negative attitude of the Government's White Paper on pay policy for the coming year.

"The Government must continue to be made aware of our determination to bargain for the shorter working week without being impeded by the 5 per cent pay policy."

An effective attack on low pay in the public services must be made this year, declared Mr. Alan Fisher, general secretary of the National Union of Public Employees.

He was moving a composite motion urging the adoption by the Government of an economic strategy providing for increased public ownership and enterprise, public supervision of investment and the development of new systems of planning.

The first priority, said Mr Fisher, must be to attack low pay. His union had decided to press for a £60 minimum wage.

"The employers will not like it and I don't suppose the Government is going to like it but this year we have said we must make an effective attack on low pay in the public services."

Mr. Roy Grantham, general secretary of the Association of Professional Executive Clerical and Computer Staff, warned trade unionists against the danger of taking for granted a close relationship with the Government.

He applauded the Labour Government's achievements in cutting inflation and urged delegates to heed the dangers that lay ahead

Trade unionists needed to work with the Government, with joint acceptance of the need for recognition of the problems of differentials and of the low-paid.

Mr. Geoffrey Drain, general secretary of the National and Local Government Officers Association said that in tackling unemployment there were three main routes.

The first was the operation of greater work sharing through the organisation of overtime and the introduction of earlier retirement.

He regretted the Government's insistence that agreements with employers on a 35-hour week should be costed in the overall pay package.

Mr. Drain also supported the creation of new jobs through the expansion of the public sector—an aim that was "tremendously important" as an economic contribution since it would boost private spending power and at the same time reduce public expenditure by reducing the need to pay unemployment benefits.

Thirdly, he said there was a need to deal with substantial injustices in the present system. Because there was no quick solution to unemployment, benefits should be improved.

The 35-hour week and voluntary early retirement, though laudable objectives, were not the answer to unemployment and our economic difficulties, Miss Joan Lestor, MP, chairman of the Labour Party, told Congress.

Miss Lestor, a fraternal delegate, said that the return to full employment had to be planned in programmes of policies made jointly by the TUC and a Labour Government, and not by work-

Miss Joan Lestor

Chrysler protest support

CONGRESS gave the minimum backing to an emergency motion expressing "gravest concern" at the Chrysler Corporation's agreement to sell its European operation to Peugeot-Citreon without consulting the British Government.

The motion demanded the firmest guarantees on jobs as a condition of any take-over. Congress also called on the Government to urgently draw up an overall strategy for the entire British motor industry.

Mr. Gavin Laird, moving the motion for the Amalgamated Union of Engineering Workers, said Chrysler's conduct ranked among the worst examples of anti-social and anti-trade union behaviour.

Among the guarantees the unions would be seeking would be a new planning agreement, a commitment to honour a new model programme and Government involvement in Peugeot-Citreon through cash equity.

They also wanted a director on the main Board, company acceptance of British trade union practices and recognition of shop stewards.

The British unions would not be prepared to tolerate "semi-Fascist" company unions that existed in Peugeot-Citroen's French plants.

Mr. Grenville Hawley said on behalf of the Transport and General Workers' Union that the British Government had been "exploited" by the Chrysler Corporation. The company had obtained up to £165m which had gone either to improving the saleability of Chrysler UK or had been retained in the United States.

Mr. Doug Hoyle, MP, president of the Association of Scientific Technical and Managerial Staffs, urged the British Government not to be stampeded into making a hurried decision on the Peugeot - Citroen offer. If Leyland and Chrysler were to merge BL would be able to stay in the big league. This was one of the alternatives to be considered.

Demand for study of building industry

CONGRESS called for the Government to prepare a White Paper proposing decasualisation of the building industry.

Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union and a member of the TUC Construction Industry Committee, said that the voluntary registration agreed between employers and unions, announced by the Government on August 1 must be made to work. That did not mean, however, that the union accepted that there should not be a statutory registration scheme.

Mr. Les Wood, assistant general secretary of the Union of Construction and Allied Trades, proposing a motion on decasualisation and supporting direct labour in the industry, said that a compulsory register with statutory backing was the first major requirement.

It could pave the way to proper manpower planning, and would be the springboard from which trade union demands could be met for full back-pay during periods of unemployment, redundancy pay on the basis of service to the industry rather than to a particular employer, and an industry-based pension scheme.

Construction workers in an industry with no job security, "atrocious" working conditions, "appalling" safety standards, and very little chance of redundancy pay were now well behind workers in any other industry.

Decasualisation in Direct Labour Organisation (DLO), accountable to local electorates, was reflected in a high level of unionisation and extensive joint regulation of working conditions, Mr. Bill Rankin, deputy general secretary of the National and Local Government Association, said.

"The public must be made aware of the great advantages of direct labour and not be deceived by the propaganda of the free enterprise lobby.

"The defence of existing direct labour departments in the face of these politically motivated attacks is very important both to preserve jobs and to prevent the destruction of valuable local authority assets."

DLOs made far better provision than most private contractors for pensions, holiday pay, sick pay, and welfare facilities. The best DLOs produced work which was cheaper, done more quickly, and to a higher standard than private contractors.

In future, DLOs should be allowed to compete for the work of other public bodies in their area, and eventually to compete for any construction work in the area.

Firemen angry

THE TUC Finance and General Purposes Committee was criticised for its refusal to back the firemen in their strike against the Government's Phase Three 10 per cent pay policy last year.

Mr Wilf Barber, president of the Fire Brigades' Union, said that the decision by the committee, which, though very close, was far from unanimous, had not been received kindly by his members.

He thanked the trade unions for their support in the strike. More than £½m was given to the union's strike hardship fund, all of which had gone to members.

Free milk complaint

MANY schoolchildren were without free school milk because many Conservative-controlled local authorities were not taking advantage of EEC money for free school milk, said Mr. Jack Boddy, of the National Union of Agricultural and Allied Workers said.

The EEC is giving £15.3m per year to a £38m programme for free school milk for junior schoolchildren. The local authorities who werre not taking up the offer were following the example of the leader of the party, he said.

Mrs. Thatcher stopped the issue of free milk to schoolchildren when she was Minister of Education.

Trade unionists ought to bear this deplorable situation very forcibly in mind, in view of the Tories' wooing of them in preparation for an election.

Congress backed a motion calling on the Government to encourage further expansion of British agriculture, and Mr. Wilf Page, of the NUAAW, said that agriculture could play a much greater part in the economy if the Government took action.

He paid tribute to Mr. John Silkin, Minister of Agriculture, for defending "the most effective marketing system of our most perishable product" in his battle against the EEC to retain normal milk-distribution in Britain.

OTHER LABOUR NEWS

Education policy reply

By Michael Dixon, Education Correspondent

EMPLOYERS SHOULD be compelled to release workers to attend higher educational courses, the National Union of Teachers said today.

Other measures to increase the number of older students should include substantial grants and paid educational leave. The NUT was replying to the Government's discussion document on higher educational policy over the next 15 years.

While broadly backing the scheme for a further £250m a year expansion of universities and polytechnics, the union says the Government should stop concentrating on catering for the needs of 18-year-old students, whose numbers will fall after the mid 1980s.

The emphasis should be on catering for a "new kind of clientele" including many more mature students.

● The Prime Minister was yesterday urged by the second biggest teachers' union to recognise school staff as a "special case" exception to the Government's 5 per cent pay guideline.

The National Association of Schoolmasters and Union of Women Teachers sent a telegram to Mr. Callaghan asking him for an assurance that teachers would be granted an extra pay rise as a first instalment to restore their relative salary position.

Weighting pay survey

EXTRA pay to compensate for the high cost of working in London has risen 160 per cent in the last four years, a private survey of "London Weightings" reported yesterday.

But it says that staff of private firms in the centre of the capital are still, on average, £200 short of the Government's Pay Board recommendations.

The report, by Regional Surveys Ltd., is based on information provided by 64 companies.

It says that a typical firm is paying allowances of about £480 to management staff based within three miles of Charing Cross and around £250 to clerks in outer areas.

Season ticket loans and luncheon vouchers are the most common additional forms of assistance.

Outside London, the average allowance for large towns is £153, paid mainly by insurance companies.

In 1974, the Pay Board recommended allowances of £400 in Inner London and £200 in Outer London for all employees in the public sector.

Comparative figures, updated in April by the Department of Employment, are £696 and £286.

Strike may hit chemical supplies

BY ROBIN REEVES, WELSH CORRESPONDENT

SUPPLIES of some chemical products could be hit if the strike at BP Chemicals' Baglan Bay complex goes on for another week or more. The strike entered its second week yesterday.

Production has been halted and the 1,250 workforce laid off.

Negotiations are still taking place between management and the main union involved, the Transport and General Workers. But there are no signs of a settlement.

The unions have agreed to provide safety cover and keep the plant warm to allow a quick resumption of production.

The dispute stems from a pay offer of about 16.5 per cent to blue-collar workers at the plant, subject to a tightening up in work procedures. This deal was accepted by the electricians' trade union but not by the Amalgamated Engineering Workers and the Transport and General.

The strike was triggered last week when management proposed to enforce the improved work procedures anyway on the grounds these already formed part of past productivity agreements, but had not been implemented.

Pressure on two men led to a walk-out by the 800 Transport and General members. Later 450 craftsmen, members of the engineering and electrical trades unions, refused to cross the picket lines.

The halt in output has not yet led to any shortages among the chemical products turned out by the plant, which has a capacity of about 2m tonnes a year. The industrial holidays and customers using stocks accumulated during the summer break has so far eased the situation.

Finneston evidence

By Our Labour Staff

The white collar section of the Electrical and Plumbing Trades Union has based the bulk of its evidence to the Finneston inquiry into the engineering profession on the need for statutory registration of professional engineers.

It would be necessary, says the Electrical and Engineering Staff Association, to set up a central registrations council with representatives of Government, the CBI, TUC and prescribing institutions.

The number of those institutions should be reduced.

The staff association also recommends that incorporated technician engineers are in the fullest sense "professional engineers." and also that membership of an appropriate union will assist the individual engineer to ensure proper rewards for his service.

The association also believes that a form of licensing will follow on from statutory registration and recommends a full investigation into this before it is introduced.

Caterpillar violence

THE Caterpillar Tractor Company's Scottish bulldozer plant was under police guard last night after violent picketing yesterday by some of its 1,700 manual work force, which is on strike.

Most of the strikers, who walked out on Tuesday after the breakdown of annual pay talks, are expected to picket the plant this morning.

Yesterday, only a handful of senior management executives managed, with police aid, to get through a line of about 200 men. Some 800 other staff and supervisors were turned back despite the police presence and had to return home.

The dispute is over the men's claim for a 10 per cent rise and a productivity deal. After four months' negotiations, the company's final offer comprised a 9½ per cent rise together with an attendance bonus scheme. This was rejected and the shop stewards recommended an indefinite stoppage.

The plant produces heavy tracked earth loaders and movers, and diesel engines.

● Bedford ambulances were being operated throughout most of Scotland yesterday after all except one of the Scottish ambulance services depots voted to lift their month-long ban on the vehicles.

Only 34 crewmen at Greenock, where the dispute over safety of the CF25 and CF28 ambulances began seven weeks ago, were refusing to accept the recommendation from their union, the TGWU, to lift the ban imposed after several accidents caused when rear wheels fell off.

The ambulance service, which had threatened to suspend any of the 1,400 crewmen who refused to drive the Bedfords, have given the men until the end of the week to come into line with their colleagues. Talks between TGWU officials and Greenock stewards are to take place tomorrow.

The agreement between the service and the union to end the dispute involves a complicated procedure for ensuring the security of Bedford rear wheel nuts, and confirmation that the men have legal indemnity from any claims arising from accidents caused by the loss of a wheel.

Demand for unions on rigs

THE MAJORITY of workers applying for jobs hooking up oil rigs in the North Sea were frightened to disclose their trade union membership, said Mr. John Baldwin, general secretary of the Construction Section of the Amalgamated Union of Engineering Workers.

Ministers and trade unionists were always looking to the revenue from North Sea oil to help Britain's economic recovery, but there were very serious problems.

Rigs constructed on shore were subject to the national agreements of the construction industry and work was carried out by union labour. A number of the companies hooking up rigs in the North Sea also employed credited trade union members. But many were using non-union labour

Today's agenda

TODAY'S BUSINESS will concentrate on international issues, including the problems of Northern Ireland and Chile. Several education motions are scheduled for debate, with further discussion expected on youth unemployment. Another debate is expected to focus on media censorship.

More research funds wanted

THE CONFERENCE called on the Government to increase substantially investment in basic and applied civil research as a contribution to the country's technological and economic recovery.

Mr. Alex Pritchard, of the Association of University Teachers, said that Britain was in the Cinderella category in civil research, when compared to European competitors. In 1975 the UK spent 21 Eurodollars per person on civil research and development. West Germany spent three times that amount, and France, Holland, Belgium and Denmark doubled it.

Dismay over Boeing fleet

DEEP dismay at the Government's decision to allow British Airways to buy a Boeing 737 fleet to replace aging Tridents was expressed by Mr. Ron Halverson, of the Amalgamated Union of Engineering Workers.

He called on the TUC urgently to pursue the development of a cohesive policy between British Airways and British Aircraft Corporation to prevent "the decline and eventual demolition of the aircraft industry."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Powder coats economically

PATENTS HAVE been obtained on an automatic electrostatic powder coating system which can provide efficiencies as high as 98 per cent, which, according to Volstatic, compares with typical run-of-the-mill efficiencies around 50 per cent.

Thought to be the first such process to reach these levels of materials economy, it offers the further benefit that productivity is improved through a considerable speed-up in the conveyor unit carrying the workpieces. At the same time, the laborious task of cleaning out the coating booth for a change of colour is made much easier, while powder recycling is virtually eliminated.

Supercoater is the name which has been chosen for the equipment, which is relatively simple to tailor to user requirements.

Basic equipment is the booth, fitted on both sides with high voltage booster electrodes mounted alongside the conventional reciprocating powder guns.

These electrodes recharge all the powder particles that have lost their initial charge from the guns and thus have failed to reach the workpieces travelling through the enclosure. In this way, any overspray powder is continually recharged till it is actually captured by a workpiece.

Experimental work has also led to modifications to the air flow arrangements and is in the opposite direction to the movement of the work, giving more uniform powder distribution and better coverage. An aerofoil and air curtain are used to levitate and recirculate uncharged powder lying on the base of the booth—in this instance a continuous plastics belt moving in the same direction as the conveyor, away from the air extraction port.

Sides and top of the booth are made of a plastic material which assumes a charge of the same polarity as the resin particles and repels them back into the air stream and towards the components being treated, again contributing to efficiency and helping where colour changes are frequent.

Steady air transfer back through the booth is maintained by a cyclone powder reclamation unit to which after-filters can be attached, if desired, and fitted with shakers to give close on 100 per cent powder utilisation. Volstatic points out that this underlines one advantage of powder spraying over conventional wet paint spray systems in that oversprayed paint—an expensive commodity—cannot be reclaimed.

Supercoaters have very little overspray powder to recirculate and it is sometimes possible to dispense with the reclamation system altogether, providing a considerable saving on space and in capital outlay. Otherwise, it is possible to downrate the reclamation system.

When there is no reclamation unit, colour changes are very quick to achieve, taking about seven minutes under typical production conditions. All that is needed is to clean out the booth, recharge the powder-supply container and purge the guns.

Developers point out that a single installation could be used to replace a series of mobile booths, each devoted to one colour, with considerable advantages to the user.

They claim a noteworthy increase in consistency of finish, particularly important where textures or hammer-type surfaces are desired.

Volstatic Coatings is at 57 Stirling Road, Action, London, W3. 01-992 6931.

● INSTRUMENTS

Heat gauged by a touch

TIP TOUCH digital surface thermometers by SKF, available from the Engineering Products Division of SKF Steel, Newport Pagnell, are suitable for all engineering and scientific applications where a component surface temperature reading needs to be taken.

It was originally designed with a probe for the purpose of measuring bearing temperatures, and the new instrument is ideal for testing components difficult of access.

Five exchangeable sensors are available for surface and liquid temperature measurements. They include spring-tipped, right-angled, flexible and submersible sensors.

Engineering Products Division, SKF Steel, North Crawley Road, Newport Pagnell, Bucks MK16 9HB. Newport Pagnell (0908) 610083.

● COMMUNICATIONS

Getting the message quickly

DESPITE THE vast array of electronic equipment pouring into Europe from manufacturing plants all over the U.S., Pan American Airlines has gone to a UK group, Automation and Technical Services, for a series of telegraph-compatible visual display units made in Britain, to be used on Pan-Am's international message switching network.

The display is ATS's Vitel send/receive and edit unit and it will progressively replace conventional electromechanical tape machines. This will provide the airline's telegraph operators with a considerably faster and completely silent method for the preparation and transmission of their messages.

The initial order is worth about £80,000 and is for over 30 displays.

Under Phase One of the replacement programme, Vitel units at the divisional headquarters are handling some 3,000 messages a day covering administration, tickets and hotel reservations.

Several systems have also been set up at the Pan-Am communications centre on the airport perimeter where the airline's STC... ADX message switching computer is situated.

Under Phase Two, over the next several months, more ATS displays will be set up in the other European and Middle Eastern communications centres operated by Pan-Am. Initially they will be in Tehran, Paris, Rome and Delhi, all interlinked via Heathrow to any destination within the Atlantic region, or worldwide via New York or Hong Kong—the two other message switching centres.

Beyond the Atlantic region, which will itself require about 250 Vitel units to finish off the upgrade, there are the North American and Pacific regions which may be standardised on the first and require a further 500 displays.

If ATS scoops the lot, the contract could be worth over £2m. And as the unit chosen by Pan-Am was in the words of its own director of communications cheaper and more versatile than an American runner-up, it seems that chances are good.

ATS is at 30 Bridge Road, Haywards Heath, Sussex RH16 1TY. 0444 52377.

Goonhilly hand-over

MARCONI yesterday formally handed over the new Goonhilly 4 earth terminal to the Post Office.

Designed as the first of its kind for use with the next generation of communications satellites operating in the 11/14GHz frequency bands the new terminal was built as a joint-venture project with the Department of Industry, the Post Office and Marconi Communication Systems and cost around £3¼m.

Virtually all of the equipment is of Marconi design and manufacture. This includes a 19-metre diameter antenna with a four-reflector beam feed for frequency re-use, 2kW power amplifiers, up and down converters and high speed (120Mbit/s) digital modems.

Goonhilly 4 will be initially used with Europe's Orbital Test Satellite, OTS2 (forerunner to the European Communications Satellite, ECS), which was launched on May 11 to prove the technology for digital satellite communications in the 11/14GHz frequency bands. The results of the OTS test programme will be particularly relevant to the 1980s when 11/14GHz operation will be used for the European and other regional satellite communication systems and for international services via Intelsat V.

Further details from Marconi on 0245 53221.

● SERVICES

Boeing in new drive

SIX MONTHS after the launch of its major financial planning service, EIS, Boeing Computer Centres has opened two new regional offices in Birmingham and Manchester.

Boeing, as well as being a manufacturer of aircraft and other high technology products, is one of the largest computer service companies in the world, employing over 4,000 professional personnel. Mainstream division of the UK company specialises in providing financial planning systems and APL programming language capabilities through its timesharing service likened to its IBM 3033 central processor in Virginia.

Demand from UK companies for more sophisticated planning techniques in general, and particularly for EIS, has been keen. Managers with big financial planning problems are seeking ways to solve them.

Boeing has accelerated plans to increase local access to timesharing systems as well as to increase sales and technical support teams in regional locations.

Boeing on Watford (92) 38331.

● MATERIALS

Insulation withstands the flames

FIBREGLASS has developed a flexible duct insulation product combining a vapour barrier and Class O fire rating.

The 1976 Building Regulations emphasised the need to prevent the spread of fire in building cavities. Parts E14 and 15 of the recent amendments encourage the use of surfaces rated at Class O, in conjunction with a general requirement for subdivision of cavities by cavity barriers.

Flexible duct insulation from Fibreglass conforms to the Class O requirement of the regulation and, when used to insulate ducts in voids, cavities and shafts, it allows the spacing of cavity barriers to be increased from 8 metres (if the insulation does not conform to Class O) to the maximum of 20 metres, with a consequent reduction in cost.

The product consists of a brown glass fibre mat faced with a strong, white lacquered, glass reinforced aluminium foil/kraft laminate on one side. Flexible duct insulation is suitable for the thermal insulation of warm air heating ducts, air conditioning ducts and equipment in the temperature range 2 degrees C to 30 degrees C. It is available in a range of thicknesses from 5 mm to 75 mm.

Fibreglass (Pilkington Group), St. Helens, Merseyside WA10 3TR. 0744 24022.

● ENERGY

Charcoal fuel from waste

UNDER-DEVELOPED countries are always concerned about future supplies of coal and oil fuels and their effect on the countries' balance of payments. Now, it appears, they are showing particular interest in the use of waste materials as a source of fuel.

A range of plant available for conversion of agricultural and forest waste into carbon fuel has been introduced by Alfred Process Plant, Oakwood Chemical Works, Sandy Lane, Worksop, Notts S80 3EY (0909 6861).

Charcoal, says the company, ranks as one of the most ancient products made by man, yet today many people are totally unaware of the wide variety of its uses or its great economic potential. Many manufacturing processes rely on this material in its various forms and new methods of use constantly appear.

The material has an important economic position in certain parts of the world because it may now be made from certain items which hitherto were dismissed as waste.

High quality charcoal can be made—without the need for high level technology—to provide an ideal fuel for domestic and industrial purposes from such substances like groundnut husks, sawdust and shavings, forestry and sawmill wastes, coconut husks, etc.

Of three different types of charcoal manufacturing plants now available, the first in the range is a portable batch kiln, intended for use in the forest environment or on a village industry basis.

The second is the vertical continuous kiln designed for continuous production on a 24-hour basis. This consumes sawmill offcuts, forest thinnings, waste woods and similar materials. The pyrolysis gases are controlled and used to provide heat to maintain kiln temperatures whilst controlling pollution.

The third unit is the horizontal continuous kiln developed recently to use a wide range of agricultural and sawmill wastes. Nut shells, rice husk, sawdust, shavings, coffee husk, sunflower seed husk may also be converted by this moving bed unit. This horizontal unit, claims the company, represents a great step forward in the use of alternative materials in energy production.

Apart from its use for domestic and industrial purposes, the untilisation of charcoal is growing in the metal industries, in copper, iron and steel, in ceramic production, steam raising and producer gas, and said to be particularly important where special atmospheres are needed.

In lime and cement manufacture, charcoal is used as an internal fuel, being mixed with the limestone and fired to obtain quicklime.

As a pulverised fuel, charcoal powder may be used instead of coal in pulverised fuel firing for steam raising and power generation. It is easily ground to a fine powder and able to be used with standard pulverised fuel firing equipment.

DEBORAH PICKERING

● METALWORKING

Expansion by Charmilles

FIRST TWO models in a new series of generators for spark erosion machines has been announced by Charmilles (UK). These generators have been developed at the company's Gloucester factory and 50 and 100-amp versions are now in production and will be widely available early next year. They are designed to complement the Charmilles Eleroda range of spark erosion machines.

About 25 per cent of the total development cost has been provided by a grant from the Department of Industry. Total outlay has been in the region of £200,000.

The company has also announced plans to double the output of its Gloucester factory where it manufactures spark erosion machines for home and overseas markets.

Its British factory, which has been in existence for five years is the only major manufacturing centre for the Swiss based group outside Geneva.

Future proposals include the introduction of a more advanced computer control system to streamline work progress, stock control and delivery scheduling.

The Gloucester factory is now also assuming responsibility within the Charmilles Group for all special machine developments. This includes modifications and adaptations to equipment for special requirements.

Considerable potential for production work using spark erosion, both die sinking and wire machining, is seen by the company for the future.

Another recent move has been the purchase of a controlling stake in the Andrew Engineering Company of Minneapolis, Minnesota by the Charmilles Group. This acquisition will broaden the range of spark erosion machines marketed.

The latest type of machines from the Andrew range will be added to the products marketed by Charmilles (UK) and it is expected that these will become available next year.

● HANDLING

An economic strapper

THE MAIN advantages promised by its latest automatic strapping machine are low cost and continuous output of lightweight packages, says P. P. Payne, Haydn Road, Nottingham (0602 07221).

The heat seal machine is called the Circofix and applies up to 40 5.5mm wide straps a minute to pack sizes, from 110 mm wide by 50 mm high to 600 mm by 400mm.

The machine is said to be robust enough to cope with the most rigorous packaging conditions, its other advantages being swift mobility to any part of the packing area and the use of large size reels of strapping (4,800 metres).

Components held in tight grip

DESIGNED AS a low profile workholding tool and, at the same time, allowing irregular shaped objects to be held safely is an extendable machine vice, marketed by Carver and Co. (Engineers), Coppice Side, Brownhills, Walsall WS8 7ES (Brownhills 4521).

The vice is capable of producing 10,000 lb horizontal pressure and 4,000 lb vertical pull-down in a dual action aimed at ensuring maximum job stability.

It is said to be ideal for low headroom applications such as milling, planing, grinding, boring, shaping, and general surface cutting, and is supplied in two halves consisting of a fixed and moving abutment weighing 28 lb and 22 lb respectively.

Top 20 agencies take £60m-plus

IEWS THAT Johnson's Wax has huffled approximately £600,000 rorth of billings out of McCann-Irickson marks virtually the rst pause in McCann's record un of the past 12 months. At he same time the shuffle conrms a pattern this year in hich advertisers have been ncreasingly prepared to switch ccounts around amongst the iggest agencies at the expense f those outside the Top 20, rites Michael Thompson-Noel.

Johnson's has moved its *Pledge* rand, worth an estimated 400,000, from McCann's to Benton and Bowles which in turn oses Sparkle to Foote Cone ielding which in turn has icked up Final Touch, the ohnson's fabric conditioner rom McCann's.

This amiable merry-go-round—McCann's has in any case won iore than £20m worth of new usiness in the past year, not east of all Kodak's £3m—seems o confirm an apparent trend owards the biggest agencies dentified this week by the chairian of one of London's most erceptive smaller shops.

According to him, between anuary 1 and August 14 this ear the trade Press observed he movement of 108 advertising ccounts worth £200,000 or more. ifty were gained by the Top 20 K agencies or their subsidiaries.

"Considering the relatively nodest base figure of £200,000, lready inflated by boastfulness, seems a surprisingly poor howing by 'the rest,' which inlude some quite powerful conenders. At present, it seems that early half of *all* significant rospects are likely to choose a big agency, irrespective of the size of the account.

"There is, of course, some correlation with billing. The average claimed size of accounts going to the Top 20 was £840,000; to the rest, £450,000. But that means that the Top 20 share of claimed billings of £68m is even higher than their share of victories. They took £42m, or 62 per cent."

The chairman in question believes the trend is new, although after conducting his research his own agency suddenly found itself in the running for around £2m worth of new business.

At a conservative estimate, the Top 20 have either captured or reshuffled at least £60m worth of business already this year.

BRITISH AIRWAYS has launched its biggest-ever UK campaign, worth more than £2m. Three 60-second TV commercials will be seen nationally this autumn. The airline says its heavy use of TV reflects determination to capitalise on the advent of low fares and increased air travel . . . Allied Breweries is aiming for a major share in low-carbohydrate lager with Arctic Lite, launched this week via The Kirkwood Company . . . Colman's has allocated a further £800,000 in media and promotional support for its Casserole brands . . . Everest Double Glazing is spending £500,000 this autumn via Allen, Brady and Marsh . . . The Creative Business has appointed three new Board members, Brian Lawrence, Tom Steele and John Wheeler. TCB recently gained Chris Sharpe, ex-creative director of Masius.

Has advertising lost its way?

BY MICHAEL THOMPSON-NOEL

IT IS A SOBERING thought that that intoxicating round of prize parties and ceremonials, back-slapping and puff dinners known collectively as the advertising awards season has almost wheeled round again, as predictable and calming as a cold glass of Guinness. Only a few of these ceremonials are fun, partly because with a great deal of noise and at remarkable expense they serve to camouflage any real *discussion of what advertising is* about.

According to Jeremy Bullmore, chairman of the J. Walter Thompson agency, the lust for awards within the advertising business has grown so great that it is potentially in danger of smothering any real understanding of the commercial aims and impact of the advertising business.

The JWT chairman occupies a position of considerable influence and affection within the hothouse of advertising. More than any other practitioner of his competitive profession he displays an ability to wield the scalpel, to cut through the tinsel and imagery with which it decks itself and go straight for the heart. He has more than 20 years' experience. For 12 years he was JWT's creative director.

In his view: "There is a very real risk that advertising is going to be seen as a cosmetic, as a piece of jewellery that you have because you have it, and that the real business of selling will come *to be seen as what I call thrust marketing*: getting stuff into the trade. . . . Increasingly it has seemed to me that advertising is being evaluated now on a non-*functional basis*. . . . There is a danger that people writing advertisements will consciously or unconsciously set the winning of an award as their aim when they set out to write an ad. I am not saying that the best creative agencies have forgotten what they are in business for, but that it looks as though some people who are spending the money have forgotten what they are spending it for"

What particularly irked the JWT chairman was some research by Wood, Brigdale and Co. earlier this summer which appears to have laid bare an extraordinary state of affairs among Britain's top marketeers. Wood, Brigdale polled 50 marketing professionals in blue chip companies in a bid to discover what they thought about the role and effectiveness of the near-£2bn advertising business. The results read like an exercise in grievous bodily harm.

Only five of the 50 considered advertising to be vital to marketing. Virtually four-fifths thought that advertising's key function was to accomplish tasks other than selling. Only three listed "value for money" as the most important quality they looked for in an agency's advertising. As for the notion of advertising creativity, it was assessed as a central criterion in judging agencies, though few could agree on what creativity meant. Only one thought it meant advertising that sells. Seven thought it meant producing a "novel approach" and two that it meant original art direction or copy-writing. The most agreed description was "an ability to produce memorable" advertising, though again, none could agree on what that was.

This confusion, it seemed, stemmed from an apparent belief among marketing professionals that advertising was responsible chiefly for producing images and memories and associations rather than a concrete payout of sales.

Does it matter? According to Jeremy Bullmore: "It seems to me that it matters a great deal if advertising is thought to have no commercial effect because if it doesn't, then what the hell is anybody spending any money on it for? Its effect can be very direct, like selling off the page. It can well be long-term. The fact that it becomes increasingly difficult to measure over a period of time doesn't mean that you shouldn't continue to think of advertising as an investment just as any other kind of investment.

"My instinct is that both within agencies and within the advertising side of marketing companies there is indeed an increasing belief that what they are looking for is 'memorable' advertising. Forty-two per cent of Wood, Brigdale's respondents said creativity meant the ability to produce memorable advertising. As I understand it, they were given the opportunity to follow that up by saying that by memorable advertising they mean advertising that would sooner or later have some effect on their companies' sales and profits. But they didn't. They stopped dead"

But why should advertising's role still not be understood: why, in some quarters, should it apparently sustain a reputation as a frivolous adjunct of the business process?

"I believe the main reason is that a lot of the valuable effect of advertising is, in the short term, not measurable, whereas cutting prices to the trade or getting 5p coupons around can be measured very quickly. It has always been extraordinarily difficult, and will continue to be very difficult, to quantify the effect of long-term advertising, particularly on repeat purchase goods with high distribution and reasonably high market share.

"Another reason comes back to the definition of sales. Advertising and brand managers' targets have for a very long time been set in terms of brand share or volume sales, not profits, and if you've got a fairly short-term view of life and your objectives are set in terms of volume or share, there is no question that in many instances there is a quicker way of proving yourself to be successful than by spending money on consumer advertising.

"Advertising is not alone in this. R and D spending, training programmes, management development, painting the factory, labour relations, the office party—all these things are supposed to be of long-term value but tend to be seen as very nice to do at the end of the year if you have some spare cash left over.

"Let me make a point that particularly over the last 20 or 30 years has become forgotten. You can demonstrate, almost beyond doubt, that the familiar is more valuable than the unfamiliar, that there is a value in a famous brand, a famous person. The very act of advertising adds a value to a product. First, it creates a value and a familiarity and a sense of safety in the mind of the consumer. Second, and no less important, it puts a very considerable obligation on the advertiser to see that he lives up to the promises he is making. Branding and advertising make it quite clear that the manufacturer is prepared to be accountable. I think we have forgotten about that because it has been taken so much for granted.

"Forget about content for the moment: creativity on the whole is about content. It is difficult to put numbers to it, but it does seem to me that you could argue that 75 per cent of the value of advertising is to advertise at all, irrespective of content, whereas over the last 20 years, all the argument, all the discussion about advertising between agencies and sophisticated marketing companies has been about the 25 per cent of content. This may be one of the many reasons why advertising expenditure in real terms has declined, because nobody has dared to stand up and tell advertisers that they aren't spending enough.

"If you go back to the beginnings of advertising, the manufacturer or the retailer simply put up a sign with his name on it. Nobody got in a twitch whether is was creative or not. You were making a public statement and commitment. I don't think that element of advertising has been stressed by anybody for years.

"One has heard many times that advertising has got to *work harder* this year. I have never been told that advertising has to work less hard this year than it did before. It's a ludicrous statement, and all the emphasis is going on content rather than on advertising weight because it is on content that agencies compete.

"One comes back to the effect of the emergence of this word creativity and the almost total inability of anybody to define what they mean by it other than judging advertisements as if they were ends in themselves rather than a means to an end. I define creativity in this context as an ability so to understand the communications process that that which you are wishing to communicate to the people most likely to be interested in your brand or your service or your machine tool is most quickly and persuasively, most accurately and economically, understood. Advertising must work. It is not an end in itself.

"That is why I am appalled that the ability to produce 'memorable' advertising should be seen by 42 per cent of respondents in this research as advertising's most important function. Nobody in the world has ever demonstrated a relationship between memorability and effectiveness, though there may well be a relationship between effectiveness and memorability.

"Creativeness, to me, means getting people to understand what it is there might be in it for them if they buy or stay with or contemplate doing what the advertiser wants them to do.

"As with any piece of research, one has to read this report at two levels. It is possible that there is in some of these responses an element of self-justification for not having spent enough money on advertising over the past few years, but it came at an uncanny moment when we in this agency were getting increasingly angry about advertisers' attitudes to the investment value of advertising, and the way that advertisements were being evaluated both by agencies, including people within our own agency, and by advertisers.

"If you follow that line of thought, people say you mean you are against awards. I am not against awards. I am only against awards if they become the only criterion against which advertising and advertisements are measured. They do a lot of good in trying to get people to find original solutions to commonplace problems.

"Increasingly it has seemed to me that advertising is being evaluated now on a non-functional basis. This report summed up our sense of frustration that something was fundamentally wrong. Recently an agency took a double-page ad saying it had won a couple of awards at Cannes and that if you wanted to win an award, ring the managing director. It was a good agency, but it is at that point that I began to think the whole world's gone mad. The presumption behind that ad was that somebody was going to spend their shareholders' money with the primary aim of winning a Gold Lion from the jury in Cannes. It was evidence that what we suspected was true.

"There is a danger that people writing advertisements will consciously or unconsciously set the winning of an award as their aim when they set out to write an ad. There is a precise parallel in American advertising where day-after recall rules. Consciously or unconsciously, creative people are now trying to write commercials that get a good day-after recall score, despite the fact that no-one has demonstrated a correlation between day-after recall and effectiveness. I am not saying that the best creative agencies have forgotten what they are in business for, but that it looks as though some people who are spending the money have forgotten what they are spending it for.

"I am not saying that all advertising works in the sense of increased margins or volume sales, because that is by definition impossible. Nor am I saying that every time we advertise a brand we increase its profitability or brand share or both. All I am saying is that that should be the only criterion against which advertising is judged.

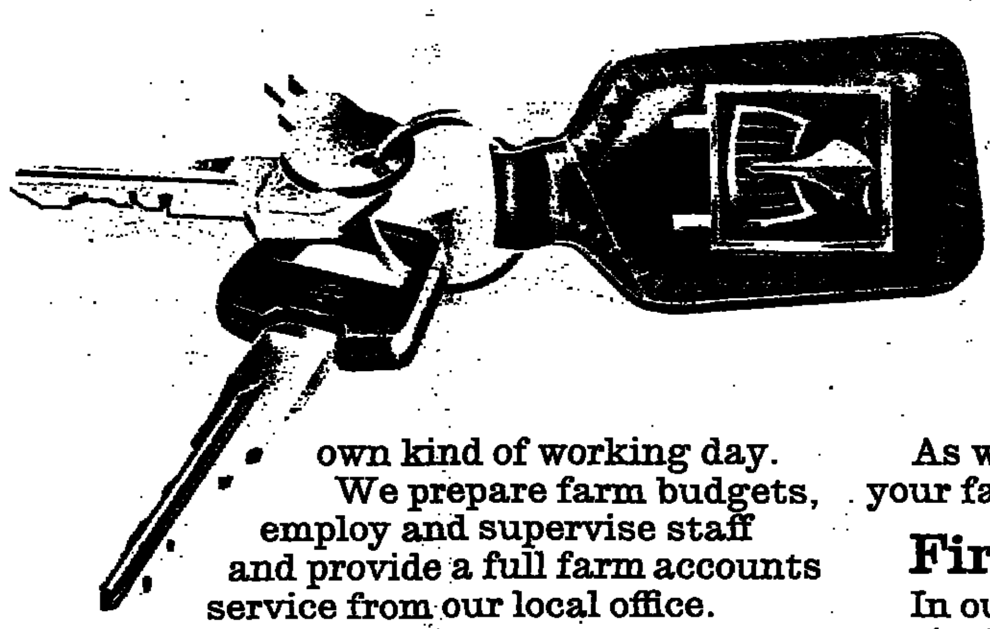
"This is not an anti-creativity campaign. It is a let-us-for-Christ-sake understand what we mean by creativity campaign. Let us remind ourselves what advertising is there for in the first place. It appears it is being forgotten."

'There is a very real risk that advertising is going to be seen as a cosmetic, a piece of jewellery . . .'

—Jeremy Bullmore, JWT

SAVILLS run the farm,

while you run up to London



For most men of substance, the thought of owning a farm or country estate is an attractive proposition.

It can also make very good financial sense, as any professional adviser will confirm.

Savills have an excellent track record in finding farms for private buyers, and in providing a full management service.

People are sometimes put off by the thought that they know nothing of farming, forestry or agricultural finance.

Never mind. Savills can take care of it all for you, while you drive up to town for your own kind of working day.

We prepare farm budgets, employ and supervise staff and provide a full farm accounts service from our local office.

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Not at all. Fine farms within easy commuting distance of London regularly change hands. And if you're careful to pick the right one, you can successfully enjoy the best of both town and country worlds.

As well as doing your financial best for your family and yourself.

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In our London office we have qualified agricultural surveyors, who know a great deal about land and about the many farms within daily travelling distance of London – and further afield as well.

You'll find sound advice on every aspect of farm purchase, finance and management.

The Partners responsible are George Inge and Guy Galbraith.

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DIRECTOR OF DIVISION OF RESEARCH

Education: University Degree in Economics, Engineering or any other science directly related to the oil industry.

Age: 35-50.

Basic monthly starting salary: Austrian Schillings 67,000.—.

Experience: A minimum of ten years varied professional experience in the oil industry, of which at least five years should have been spent in a position directly involved in research or supervising research work.

HEAD OF INFORMATION SERVICES DEPARTMENT

Education: University Degree in Science or Engineering, relevant to computer applications, or statistics.

Age: 35-50.

Basic monthly starting salary: Austrian Schillings 54,000.—.

Experience: A minimum of eight years professional experience in either the application of higher mathematics, operations research, statistical analysis or numerical analysis techniques to solve business and technical problems.

HEAD OF COMPUTER SECTION

Education: University Degree in Science or Engineering relevant to computer applications such as Computer Science, Operations Research, etc.

Age: 32-45.

Basic monthly starting salary: Austrian Schillings 46,000.—.

Experience: A minimum of seven years professional experience in the field of data processing and computer applications including first hand experience in the management of large technical computer installations. Detailed knowledge of various internationally well-known hardware and software is essential.

HEAD OF ENERGY FORECASTING SECTION

Education: University Degree in Economics with Mathematics or Statistics.

Age: 32-45.

Basic monthly starting salary: Austrian Schillings 46,000.—.

Experience: A minimum of seven years professional experience in the field of petroleum economics. Good knowledge of quantitative techniques and forecasting methods is essential. Experience in the application of computers to problems in economics or operational research is preferred.

HEAD OF CRUDE & PRODUCT EVALUATION SECTION

Education: University Degree in Chemical Engineering or Chemistry.

Age: 32-45.

Basic monthly starting salary: Austrian Schillings 46,000.

Experience: A minimum of seven years professional experience in refining operations including cost evaluation in crude processing in the various refining modes. Management of a refinery operation as well as the use of computers for technical work is preferred.

HEAD OF PERSONNEL UNIT

Education: University Degree in Business or Public Administration.

Age: 32-45.

Basic monthly starting salary: Austrian Schillings 43,000.—.

Experience: A minimum of seven years experience in Personnel, Planning, Development, Administration and Training.

HEAD OF LEGAL AFFAIRS UNIT

Education: University Degree in Law from an internationally recognised school of Law.

Age: 32-45.

Basic monthly starting salary: Austrian Schillings 43,000.—.

Experience: A minimum of eight years general legal experience essential, of which at least five years should have been spent in positions directly related to the oil industry and three years in high level administrative positions. Experience must include progressive increase in responsibility to senior staff or middle line management level, and should embrace several aspects of the legal field.

HEAD OF PUBLIC RELATIONS PLANNING UNIT

Education: University Degree in Public Relations, Media Studies, Information Science or other relevant fields.

Age: 32-45.

Basic monthly starting salary: Austrian Schillings 43,000.—.

Experience: A minimum of seven years in Public Relations or other related fields, e.g. publicity, information, commercial journalism, etc. Proven creative flair and a capacity quickly to recognise and utilise opportunities for PR activity necessary. Ability to lead and motivate others essential.

HEAD OF INTERNATIONAL MONEY & FINANCE UNIT

Education: University Degree in Economics with some academic background in money and finance.

Age: 32-45.

Basic monthly starting salary: Austrian Schillings 43,000.—.

Experience: A minimum of seven years experience, a proportion of which should be experience with central banks, investment houses or research institutions. Experience should involve research related to international monetary and financial problems.

ECONOMETRICIAN

(Crude & Product Evaluation Section)

Education: University Degree in Econometrics or Economics with Mathematical background, preferably with a diploma in Computer Science.

Age: 30-45.

Basic monthly starting salary: Austrian Schillings 38,000.—.

Experience: A minimum of six years professional experience in the field of econometrics or mathematical programming, which should include experience in the application of computers to problems in economics or operational research.

QUANTITATIVE ECONOMIST

(Energy Forecasting Section)

Education: University Degree in Econometrics or Economics with Mathematics or Statistics or Operational Research.

Age: 30-45.

Basic monthly starting salary: Austrian Schillings 38,000.—.

Experience: A minimum of six years varied experience in the field of econometric model building or the application of mathematical programming economics.

ECONOMETRICIAN

(Energy Forecasting Section)

Education: University Degree in Econometrics or Operational Research.

Age: 30-45.

Basic monthly starting salary: Austrian Schillings 38,000.—.

Experience: A minimum of six years varied professional experience in the field of econometric model building or the application of mathematical programming economics.

ECONOMIST

(Downstream Operations Unit)

Education: University Degree in Economics.

Age: 30-45.

Basic monthly starting salary: Austrian Schillings 38,000.—.

Experience: A minimum of six years professional experience in the field of petrochemical economics or economic research, including work on cost analysis and feasibility studies for projects is required.

ECONOMIC ANALYSTS

(International Economics Unit)

Education: University Degree in Economics with special emphasis on one of the following: Econometrics, Quantitative Methods, International Trade and Development.

Age: 30-45.

Basic monthly starting salary: Austrian Schillings 38,000.—.

Experience: A minimum of six years experience, of which three years should have been spent in economic development planning, economic forecasting or economic policy analysis.

SYSTEMS ANALYST/ PROGRAMMER

(Computer Section)

Education: University Degree in Computer Science, Operations Research or any other science or engineering directly related to computer applications.

Age: 30-40.

Basic monthly starting salary: Austrian Schillings 38,000.—.

Experience: A minimum of six years professional experience in systems analysis and computer application, preferably in a large scale planning application. A thorough knowledge of modern high level programming languages and experience in a variety of software packages essential.

Fluent command of written and spoken English is required of all applicants. The salaries are tax-free; we also provide free medical insurance, as well as family allowance, education grant, Provident Fund and 6 weeks of annual leave; paid home leave every two years and removal expenses. The selected persons will also enjoy diplomatic status for the duration of their employment.

Applicants are requested to send their detailed curriculum vitae including job history and salary progression as well as a recent photograph to:

OPEC Personnel & Administrative Department, Obere Donaustrasse 93, 1020 Vienna, Austria

ipc magazines

Chief Accountant

IPC Magazines Ltd., with a turnover of over £100 million, is one of the two major magazine publishing subsidiaries of the International Publishing Corporation. The Division publishes over 70 weekly and monthly titles ranging from mass circulation women's magazines to juvenile publications.

Following the promotion of the existing job-holder, applications are invited for the post of Chief Accountant who reports to the Financial Director. The Chief Accountant is required to manage the 200 staff of the accounts department in addition to ensuring the production of complex management and financial accounts.

The person appointed is likely to be an ambitious qualified accountant, aged over 30, who has a proven record of success both as an accountant and a manager and who is looking for a career which offers substantial prospects both within IPC and Reed International, of which it is part.

The successful candidate is unlikely to be earning less than £9,000 p.a. The rewards include company car, five weeks holiday and other benefits typically associated with a senior appointment.

Please write, stating your qualifications and how your experience would enable you to fill this position, to:

D. M. Beattie, Financial Director, IPC Magazines Ltd., King's Reach Tower, Stamford Street, London SE1 9LS.

Pension Fund Controller

c. £11,500 + car and attractive benefits

A major Bank within the UK wishes to appoint a highly capable executive to ensure the efficient operation and effective co-ordination of all aspects of its Pension Scheme. Specifically the person appointed will be responsible for:
- advising the General Manager (Personnel) on future pensions strategy;
- monitoring the Investment Department of the Fund and reporting on investment performance to the Board of the Pension Scheme:
- controlling the Pension Fund Office and ensuring that an excellent service is supplied to members;
- co-ordinating the financial control of all aspects of the Scheme.

The ideal candidate profile indicates a man or woman in the age range 35-45, with a formal financial qualification and sound previous experience in forward planning and control, including investment of a sizeable pension fund. The ability to demonstrate achievement in a sophisticated systems environment will be expected. A company car will be provided and other attractive benefits include London Allowance, subsidised mortgage facilities and a non-contributory pension scheme. Relocation expenses will be paid where appropriate.

(PA Personnel Services Ref: AA45/6545/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London, SW1X 7LE
Tel. 01-235 6060 Telex. 27874

PA

A member of PA International

Divisional Chief Executive

Leisure & travel industry

This is a new appointment to the largest Division within a well-established British company with headquarters in Yorkshire. The Leisure Division comprises ten operating subsidiaries of varying sizes in different locations with heavy involvement in the operation of motor coaches and British and continental inclusive coach tours. Travel agencies and hotels are also included in the activities. The successful candidate will report to the Chairman, who is also the Group Managing Director, and will have complete responsibility for all aspects of the Division. The industry is growing and the Group is well placed to take advantage of new business opportunities. Imagination, creativity and sound planning are vital qualities and candidates must be able to demonstrate successful career records where these attributes are needed. They must already be holding general management posts with full profit responsibility in companies which depend on the creation and marketing of a service and where good staff motivation is important. A background in the client's major activities would be ideal but is not essential. The preferred age range is 35 to 45. Salary will be negotiated to attract the right person and this, together with a bonus based on results, will put total remuneration within a wide range around the £20,000 mark.

Personnel Services Ref: GM27/6528/FT.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Chief Engineer

Rohm and Haas (UK) Limited has a U.K. Turnover of over £50m, which relates to a wide range of intermediates and acrylate monomers.

The vacancy for a Chief Engineer at the Company's Teesside Works arises out of organisational changes and is obviously a key appointment. The Teesside Petrochemical Works consists of modern continuous process plants, which operate on a 24 hours basis. The processes and their operation use up-to-date technology *including* sophisticated materials of construction and control equipment. The Chief Engineer's job covers wide responsibility for all engineering on the site, which includes a range of specialised equipment and metals technology as well as sophisticated control and process techniques. The effective performance of Teesside Works is crucial to the profitability of the U.K. operation.

The appointment demands a good honours degree in Mechanical Engineering, many years previous experience of continuous petrochemical process plants and some direct experience of industrial relations.

The person selected will already be a trained professional. Career prospects are first class and are not necessarily contained within the engineering function.

Salary will be negotiable and a car will be provided. All major relocation costs will be paid in full. Please write to the Company Personnel Manager, Croydon.

ROHM AND HAAS (UK) LIMITED.
LENNIG HOUSE, 2 MASON'S AVENUE, CROYDON, CR9 3NB, ENGLAND.
TELEPHONE 01-688 8844

INVESTMENT MANAGEMENT

Assistant to Investment Director

c. £7,000

This vacancy provides a unique opportunity for joining the management team of a Group of British Companies in the City involved in Shipping, Insurance and Investment. This is a career appointment with good prospects of achieving senior executive levels in the Group. Initially, the successful applicant will specialise in Investment Management, assisting in dealings, in-depth investment research/analysis and the monitoring of portfolio performance.

Candidates who should be aged under 30, should possess keen analytical ability and be educated to degree level with good knowledge of Economics and Maths. Ideally, they should be at present employed in the investment field and be able to work on their own initiative. An appropriate professional qualification is desirable.

The position carries the usual fringe benefits associated with a Group of this stature. Applications with details of education and experience should be sent to:

Box FT/541, c/o Hanway House
Clark's Place, Bishopsgate, London EC2N 4BJ

Financial Director

(Designate)

Kenya £10,000 p.a.

An international group of companies seeks to fill the above vacancy within its medium-sized engineering subsidiary in Nairobi.

Candidates must be qualified accountants preferably with experience in the engineering industry. It is unlikely that persons aged under 30 years would have gained sufficient financial management experience to meet the requirements of this position.

The contract is for an initial 3 year period and benefits include attractive accommodation, car and education allowances. Prospects for long-term employment within the group are excellent.

Please reply in confidence to:
Mr. G. S. Peterken,
P. H. Recruitment Ltd.,
42 Upper Berkeley Street,
London W1H 7PL.

GENERAL MANAGER FOR SAUDI INVESTMENT COMPANY

Basic compensation U.S.$50,000 p.a. tax-free, plus usual other benefits

Incorporated earlier this year by prominent Saudi businessmen and investors, the company seeks an experienced banker to develop its potential. The company will collaborate closely with an international bank in which it is a shareholder. The General Manager will be fully responsible for the development of all activities, including.

- —financial and investment advice:
- —identification and development of viable projects in the private sector;
- —marketing and promotion of sound financing proposals.

The ideal candidate would be in the 30-45 age group, resourceful and marketing-oriented. In addition to a sound knowledge of banking operations, experience in international banking is essential. Previous residence in Arab countries is desirable but not essential. The candidate's interpersonal skills will be decisive.

All applications will be treated in strict confidence and should be addressed to:

Box A.6447, Financial Times, 10, Cannon Street, EC4P 4BY.

ROWE & PITMAN, HURST-BROWN

are seeking an Account Executive for their expanding International Department. Knowledge of a European language would help. The successful candidate must be prepared to travel.

Applications (which are welcomed from men and women) with full c.v. to:

P. N. Smith Esq.
Messrs. Rowe & Pitman, Hurst-Brown
1st Floor, City-Gate House
39-45 Finsbury Square
London EC2A 1JA

INTERNATIONAL BANKING

INTERNAL AUDIT to £8,000
Major U.S. bank seeks to augment its European audit team with a top-notch young banker, 25/30, who is experienced in international bank audit (or possibly Clearing bank inspection); has an accounting/banking qualification and has some capability in a second European language.
A 2nd opportunity also exists for a less experienced, unqualified person to join the team.

EUROBOND ADMINISTRATION to £4,500
An excellent career opportunity occurs within this very active primary and secondary market dealing bank for a young person with sound knowledge of Eurobond settlements/clearing procedures

F.X. & STG. ACCOUNTING £3,500-£4,500
Two well established Consortium banks, each with aggressive expansion plans, require an equally ambitious young person to assist with a variety of accounting/management reporting functions.

To discuss these possibilities — or your own career objectives in more general terms — please telephone John Chiverton, A.I.B., or Trevor Williams.

JOHN CHIVERTON ASSOCIATES LTD.
31, Southampton Row, London W.C.1.
01-242 5841

C&L

City c £12,500+car

FINANCIAL DIRECTOR

The Client A small, growing, well respected quoted City group with profits now in excess of £1m. and with self accounting U.K. and oversea subsidiaries; historically in plantations and now diversifying into agricultural engineering.

The Job The person appointed will be joining the Chairman and the Executive Director as the third member of the head office team which directs the operations of the group. He or she must be flexible enough both to develop corporate policy and to get into detail in accounting and other areas when visiting subsidiaries at home and oversea. An important initial task will be to improve management reporting systems throughout the group. Visits to Asia and the Far East will be involved.

The Candidate A graduate qualified accountant, preferred age 35 to 45 with post-qualification experience in commerce. Ideal candidates will have spent at least a year in a head office position in a small to medium sized group with oversea interests.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to E. J. Robins, Executive Selection Division, at the address below. Please quote reference RF 532 and include, if possible, a daytime telephone number at which you may be contacted.

COOPERS & LYBRAND ASSOCIATES LTD.
Management Consultants
Shelley House, Noble Street, London, EC2V 7DQ.

LEADING EUROPEAN BANK

To Expand our Industrial Hire-Purchase and Leasing Activities in the U.K. we require

(1) A Marketing Manager,

BASED IN LONDON

TO HELP CREATE, THEN LEAD OUR MARKETING TEAM

Applicants should:
- —have a successful track record with a financial institution, for instance, as regional or area manager
- —have a thorough knowledge of middle British industry
- —have sound financial judgment.

Knowledge of French might be an asset. Very good salary + car.

Usual fringe benefits including subsidised mortgage and non-contributory pension scheme.

(2) Three Area Leasing Officers,

TO MARKET OUR SERVICES IN

MANCHESTER BRISTOL BIRMINGHAM

Applicants should have several years' experience in the industrial H.P. and leasing fields and have good risk assessment ability.

Earnings will be around the £9,500 mark + car.

Usual fringe benefits as above.

Applications in writing with full curriculum vitae to
Box A.6458, Financial Times, 10, Cannon Street, EC4P 4BY.

Charles Barker
Confidential Reply Service

Research Economist Analyst

An opportunity to pioneer research in the Property Investment field

Our client is a major progressive firm of Chartered Surveyors and an established leader in the property investment field. The firm has offices in the City and West End of London which include an existing sizeable research and information department. The Partners now wish to appoint a Research Economist/Analyst who, while drawing on the facilities and help of the existing research people, will work as an independent unit, entirely responsible for researching, analysing and interpreting data specifically relating to the Property Investment market.

The successful candidate must have a personality capable of promoting his or her conclusions and information to both partners and clients.

This is a new post within the firm and an innovatory development within the field of direct property investment – thus providing a forward looking young man or woman a unique opportunity for career advancement. Candidates between 24 and 28 will have 3 to 5 years' experience in a Stock Brokers' office or in the corporate planning department of a large organisation.

Starting salary – circa £8,000 per annum depending upon experience.

Reference 1500

Managing Director

London based c. £16,000 + car

The British-based subsidiary of a large private American corporation which designs, manufactures and markets unisex leisurewear requires a Managing Director to lead a team of dedicated professional management in a continued expansion programme. Some travel to the USA and Far East is involved.

Leadership qualities, marketing skills linked to a fashion product — clothing, cosmetics, toiletries etc. and a sound knowledge of finance are important. A knowledge of the market with experience in importing would be most useful.

The appointment may well suit a well-qualified, mature Marketing Director within a large company who now seeks the Chief Executive role. Salary around £16,000 with profit share, car and the normal fringe benefits including relocation assistance where necessary.

Ref. G2245/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Quilter Hilton Goodison

INVESTMENT ANALYSTS

We have vacancies for two analysts in our Research Department.

General Analyst

Arising from an internal promotion we now have a vacancy for an analyst with a degree or equivalent qualification and at least two years experience of investment analysis gained either in another firm of stockbrokers or in an institution. The successful candidate will be required to undertake research in several sectors of the market on a regular basis and should have the ability to write concise reports to support his recommendations.

Electrical Analyst

Due to continuing expansion we require an analyst to support our Senior Electrical Analyst. He will join our established team specialising in the electrical and electronics sectors. The ideal candidate will be a graduate with about 3 years City or related industrial experience. This newly created post will involve company visiting and the writing of regular reports, and so the successful applicant should be able to communicate effectively both verbally and in writing.

An attractive salary and excellent staff benefits will be offered to the successful applicants.

Please apply in confidence to R. B. Blaxland
Quilter Hilton Goodison & Co
Garrard House 31/45 Gresham Street
London EC2V 7LH Telephone 01-600 4177

GROUP ACCOUNTANT/ SECRETARY

CITY

Minimum £10,000 + car and generous benefits

Long established Group with interests in Malaysia, Singapore, Hong Kong, Australia, Mauritius and Canada, as well as the United Kingdom, requires an accountant aged 35/45 who is attracted by a varied and satisfying career.

Will report to the Finance Director and be responsible for coordinating/controlling financial and management information of the Group, annual accounts, taxation and secretarial duties. Also close involvement with Finance Directors of all operating units, necessitating some travel.

The successful candidate should be a qualified accountant, preferably a graduate, with at least 5 years commercial experience, together with good communicative skills and high level of self-motivation.

Replies in confidence to Peter Currie,
BLYTH, GREENE, JOURDAIN & CO LTD
Plantation House
Fenchurch Street, London EC3M 3EE

FORTY PLUS TALENT?

It is a wise executive who learns how to make a successful career change.

If your job search is becoming a frustrating experience find out about the FORTY-PLUS CENTRE. London's new career service for top executives who are "forty-plus."

Telephone: 01-242 4875 for an appointment to see if you qualify.

FORTY-PLUS CAREER DEVELOPMENT CENTRE
Templar House, 81-87 High Holborn, London WC1V 6LS.

STOP COMMUTING
Work in Cambridge

CHARTERED ACCOUNTANT – £8,000

CA sought by entrepreneurial Managing Director to work with him on new project analysis and development in a highly successful Cambridge-based company — activities include publishing, wide-ranging educational interests, accountancy recruitment and consultancy.

For a preliminary discussion please write (quoting home tel. no.) or ring:
Fiona Karlin (01-405 9592)
Hobsons Recruitment Division
36 Great James Street
London WC1N 3HB

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

21st September

The Financial Times proposes publishing three pages of Newly Qualified Accountancy Appointments on 21st September following the publication of the results of the Finals Examinations.

If you are expecting to qualify, the Financial Times intends to publish the widest possible range of opportunities open to you.

If you are recruiting "Newly Qualifieds" the advantages of advertising in the Financial Times are considerable—the cost is £14 per single column centimetre—copy can be accepted until the day before publication—and the Financial Times has established an enviable reputation in this field.

For further details, including reprints of previous features, contact:
James Jarratt
on 01-248 4601 (direct line)
or 01-248 8000 ext. 588

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

LLOYD'S BROKER
QUALIFIED ACCOUNTANT

AGE 25 - 35 **SALARY circa £7,500**

Our client a large and influential Lloyd's Broker, require a qualified accountant (A.C.A.) for their rapidly expanding underwriting agency.

The task is primarily to assist the Financial Director of the agency especially in dealing with all the financial implications and tax considerations for overseas members of Lloyd's.

The successful applicant must have personality, the ability to express him or herself lucidly and the ability to meet and deal with the Company's clients. A knowledge of Lloyd's is not essential. The terms and conditions of service are excellent and this could be both a rewarding and interesting appointment.

Salary circa £7,500

Please write or telephone G. A. White, Managing Director. (PS 12750)

WHITE MAUD AND WARNER LTD.
Personnel Selection
4 Botolph Alley · London EC3R 8DR
Tel. 01 626 5161 · Telex 888387

Financial Controller

This senior appointment is a key element in the plans of the STAFFORDSHIRE BUILDING SOCIETY for further development of its business and future management succession. The Society, with assets of over £110m., has a successful growth record, having increased its assets by some 20% annually over the past ten years. It has a staff of over 200 and a new headquarters building in Wolverhampton.

The appointed candidate will be responsible to the Managing Director for administering and developing the financial accounting and management information systems which are shortly to be computer based, and will progressively assume responsibility for investment of the Society's funds.

Candidates must be qualified accountants with proven senior level administration experience of computer based financial control systems, preferably within a similar service industry: investment experience will also be an advantage. Preferred age 35 to 45.

Salary for discussion; car; concessionary mortgage; pension; re-location help.

Please write with full details – in confidence – to G. E. Howard ref. B.29412.

This appointment is open to men and women.

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

MSL
International Management Consultants
Management Selection Limited
Union Chambers 63 Temple Row Birmingham B2 5NS

International Banking
Scandinavian Division: US Bank

An opportunity for a young banker to join the Scandinavian Division of a major multi-national U.S. Bank.

Responsibilities include the development and servicing of Corporate Accounts in Scandinavia. Based in London, up to 40% travel will be required after an initial orientation period.

Candidates, male or female, will be graduates having 2/3 years' banking experience, preferably in Corporate lending in the Nordic countries. Scandinavian language proficiency is essential.

The compensation package will be based on U.S. competitive practice and includes appropriate benefits.

Please send a comprehensive C.V., indicating any companies with whom this should not be discussed, or telephone (01-629 1844 at any time) for a Personal History Form.
D. M. Watkins ref. B.1017.

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

MSL
International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Personnel Director
c.£15,000

This significant position is with a major growth company, which currently employs several thousand employees and has a sales turnover of £50 million+. Responsibility is for the whole range of personnel activities and requires a seasoned personnel professional, who has the stature to contribute in the widest business sense. The successful candidate is likely to be a graduate, aged 35+, and will have a career background in companies with well-developed personnel policies and practices.

The Company is based in the South of England and a comprehensive range of benefits including a car are provided. There is ample opportunity for further career progression. Applicants, male or female, should send concise details covering age, experience, qualifications, current salary and contact telephone number to the Appointments Manager, Bull Holmes Bartlett Ltd., 45 Albemarle Street, London W1X 3FE, quoting ref: 496 on your letter and envelope. Our client guarantees applications will be treated in strict confidence.

Bull Holmes Bartlett

Chief F/X Dealer

Bahrain **£Neg.– tax free**

Our Client, a major International bank, seeks to appoint a senior F/X dealer to establish and develop the dealing room operations of its active O.B.U. in Bahrain.

Ideal candidates, preferably early 30's, will possess a minimum of 5 years' dealing experience which will have embraced both foreign exchange and currency deposits. Additionally, qualities of maturity and leadership are regarded as essential.

This responsible and challenging position is offered on the basis of a 3 year contract which may lead to a full-time career opening with the bank; the overall remuneration package will be most attractive and includes salary, free accommodation and free medical facilities.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside London EC2 · Telephone: 01-248 3812/3/4/5

Managing Director

for a 1,000-strong engineering company in Lancashire (part of a notably successful British group) earning handsome profits on annual sales touching £20m. Their precision engineered fittings and components are market leaders serving a multitude of industrial users, not only in the UK.

The new MD will take over a sound ship. Yet the decisions of the coming three years – products, markets, investment – will set the company's course for the next ten. Success will herald a bright personal future.

Candidates, probably in their early 40's and not necessarily engineers themselves, must be experienced general managers successfully running a self-contained and substantial unit manufacturing and selling industrial products.

Salary around £15,000 plus appropriate benefits.

Please send career details – in confidence – to D. A. Ravenscroft ref. B.25468.

This appointment is open to men and women.

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

MSL
International Management Consultants
Management Selection Limited
474 Royal Exchange Manchester M2 7EJ

Executive Director
National Association of Steel Stockholders

The Association was founded 50 years ago and represents some 280 members with a turnover around £800m. Their function is central to the industry.

The role is to act as the Association's spokesman and to provide strong impartial leadership to the conduct of its affairs. The Director chairs the Executive and the other main committees and works closely with the European Coal and Steel Community and with the Association's international counterparts.

Candidates must have wide industrial experience at Board or equivalent level. Experience with a national trade association (not necessarily as a member of the staff) would be valuable, as would a background in steel, metals or heavy engineering. The preferred age is 40 to 50.

Salary for discussion around £20,000. Location Home Counties.

Please send relevant details – in confidence – to R. M. Cooper ref. B.60375.

This appointment is open to men and women.

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

MSL
International Management Consultants
Management Selection Limited
474 Royal Exchange Manchester M2 7EJ

AUDITING IN AN INTERNATIONAL BANKING ENVIRONMENT

We are a major American Bank long established in London. Recent worldwide expansion has necessitated increased manpower requirements in our London based Internal Audit team. Rewarding posts are available in a highly professional systems-orientated environment involving overseas travel.

Applications are invited from candidates aged 23-29, with or studying for AIB and having practical or audit experience of international banking. Preference will be given to applicants with fluency in French and/or EDP experience. An excellent salary will be offered to the successful applicants with generous fringe benefits generally associated with a first-class bank. Applicants, male or female, should send full details of their age, education, experience and current salary to:

Box No. RD 4808
c/o Extel Recruitment,
Pemberton House, East Harding Street,
London, EC4

The names of any banks to whom you do not want your application forwarded should be clearly printed on the back of the envelope.

Major Merchant Bank

CHARTERED SECRETARY

c. £8500 **City of London**

A major Merchant Bank, one of the Accepting Houses, has a vacancy in its Investment Division, which acts as Secretaries and Investment Managers to a number of listed investment trust companies. The position is at manager level for a Chartered Secretary in the Accounts and Secretarial Department.

The successful candidate will have a sound knowledge of Stock Exchange requirements and a thorough understanding of the financial aspects of this type of work. Although age is not a critical factor, it is unlikely that any person less than 30 years of age will have the necessary experience for this responsible position.

Salary will be negotiable around £8,500 and the attractive staff benefits available will include housing loan facility, non-contributory pension scheme, life assurance, medical insurance and interest-free season ticket loan.

Please write with full details to: Box FT/542
c/o Hanway House, 5 Clark's Place, Bishopsgate, EC2N 4BJ

Should there be any companies to which you do not wish your application to be forwarded, please list them in a covering letter addressed to the Appointments Manager.

MARKETING DIRECTOR – SHIPPING

circa £10,000 (negotiable)
plus company car

The UK cargo organisation of a major Swedish Shipping Group is seeking a top level Marketing Director to head up the sales effort.

Current activities include the selling of container services for three major trading areas, carried out by own offices and regional sales agents. Further growth is planned.

Applicants, preferably graduates or professionally qualified persons aged between 26 and 40, should possess a first-class track record gained in a shipping environment. The successful man or woman will be expected to contribute significantly to the overall UK performance and will control a staff of approximately 30 persons. UK and Overseas travel is involved. Location—East London.

Please write in confidence for an application form to:
KENNETH HOWELLS (PR) ASSOCIATES,
16/17 Bride Lane, London EC4Y 8EB.

International Recruitment Specialists for the Commodity Markets

COMMODITY Graham Stewart APPOINTMENTS

Coffee Trader

A Manager with wide International contacts and experience in all coffees, particularly Brazilian, is required to create and motivate a Trading Team based in London for a Company with the highest international trading reputation. A basic salary in the range of £12,000—£15,000 p.a. will be negotiated together with participation and substantial benefits.

Please write or telephone Mr. Graham Stewart or Mr. Colin Stanton regarding this position.

Egmont House 116 Shaftesbury Avenue London W1
Tel 01-439 1701

A supreme challenge from a $2·5 Billion turnover group...

Regional Financial Director

Athens based, to cover Africa/Middle East

This role calls for an outstanding blend of financial and management skills plus the personal 'power' to take responsibility for the financial operations of a vast trading area from a base in Athens, where you'll report to the Regional V.P.

Our client is a major multi national group with diverse interests. They seek a dynamic leader – a finance specialist in his middle/late thirties, ideally a graduate, who has first class Professional and business qualifications. Preferably a Greek National who will have had full exposure to the demands of a large corporation with at least 8 years in senior management – 3 of which should have been spent at Director level.

Fluency in English is essential and French would be advantageous. Considerable travel is involved.

If you feel you can justify a high income, generous benefits and excellent prospects – don't hesitate, contact us quoting ref. L882.

In **London** (01) 930 0497, 2 St. Albans St., London SW1Y 4QS
In **Toronto** (416) 920 7702, 50 Prince Arthur Avenue, M5R 1B5
In **Montreal** (514) 849 5357, 115 Sherbrooke St. W. H3A 1H3
In **Calgary** (403) 265 8780, 715 5th Avenue S.W., Ste 1818 T2P 2X6

The Caldwell Partners
Executive Recruiting

START YOUR CAREER WITH EUROPE'S BUSINESS NEWSPAPER

The Financial Times is expanding its sales team in the U.K. and is looking for young people who wish to start a career in Advertising and Marketing.

Aged 18-20, these sales trainees will need to be presentable, be able rapidly to act upon their own initiative, have a good command of English and be prepared to be integrated into the present sales team in order to become fully trained.

If the idea appeals to you and you match these requirements, contact: Tony Kippenberger, U.K. Advertisement Manager, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY. 01-248 8000.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

General Manager

Middle East **Investment Co.**

A well established expanding investment organisation is seeking a senior executive to become responsible for all investment operations, staff development and general administration of the company.

Candidates, ideally aged 35 to 45, must be thoroughly experienced in the preparation and presentation of investment proposals and in negotiation, documentation and syndication of international loans.

Attractive terms will include a tax free salary in the region of £20,000 p.a., free furnished accommodation, car, assistance with education costs and air travel for home leave.

Write in confidence, quoting reference 3689/L, to E. W. Cornford

Peat Marwick Mitchell & Co.,
Executive Selection Division,
165 Queen Victoria Street,
Blackfriars, London, EC4V 3PD.

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The Royal London Mutual Insurance Society has created a new post within its small but active investment management team for an Actuarial Student, aged early to mid-twenties, who is making good progress in the examinations. As a member of this team the successful applicant would be engaged, after a short period of training, in both research and dealing in connection with a large portfolio of Stock Exchange securities.

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APPOINTMENTS ADVERTISING IS CONTINUED TODAY ON PAGE 21

LOMBARD

Where barons hold sway

BY ANTHONY MORETON

WHEN AN official delegation from Sunderland called on the Prime Minister in London earlier this summer and asked that its area should be re-designated a *special* special development area it highlighted on a problem that is exercising a lot of people: how do you help the hard-hit regions most usefully?

The accepted wisdom for the past 15 years or so has been that you designated an area for assistance—intermediate, development or special development — and then make grants available to manufacturing firms. A company opening up in an assisted area can, for starters, get 20 per cent of the cost of new buildings and works in an intermediate and development area or 22 per cent in a special development area.

Haphazard

On top of this it can get 20 per cent towards plant and machinery in a development area and 22 per cent in a SDA (but nothing in an intermediate area). There are also various other grants and loans available and selective financial Assistance can be given under sections 7 and 8 of the 1972 Industry Act.

In other words, assistance is something of a maze which is only made marginally easier for the company without professional advice to find its way through thanks to the copious maps, or information leaflets, which the Department of Industry makes available.

The maze is made more intricate because of the haphazard way in which assisted areas have grown. Broadly speaking if a line from Wrexham is drawn east to Skegness and south-west towards Exeter everything to the north and west is assisted and virtually everything elsewhere is non assisted. (Northern Ireland is a special case and has its own rules). But the way in which areas have been put into one of the three assisted categories has been almost as equally haphazard and has owed much to the powers of persuasion that local politicians have been able to bring to bear on national politicians and Ministers. Among the dispossessed, or non-assisted, this is cynically known as the power of the political barons.

Even the barons these days acknowledge that there is too little differentiation between development and special development areas to do much good. What Sunderland was telling the Prime Minister, in effect, was that an extra 2 per cent on buildings and machinery was hardly likely to be much of an attraction to an *industrialist who* was thinking of going to Middlesbrough, some 25 miles away and in a development area.

There could be some sympathy with Sunderland's case if it were not for the fact that the whole issue of how to help the regions needs to be looked at as a whole rather than in piecemeal fashion. Recently, the Expenditure Committee pointed out that there was a profusion of agencies trying to help Wales and that they, inevitably, got in each other's way.

It pointed to seven quite separate levels of authority and stated what many would think to be obvious, that "confusion and waste seems to exist because of the proliferation of agencies engaged in attracting industry." All these agencies advertise, consult British embassies or correspond with foreign firms directly, without a great deal of co-ordination.

One of the agencies, in an understatement, commented that there was sometimes a "problem of confusion" between itself and another body.

This confusion is not just noticeable to us: the expenditure committee was told how the Swedes had come to the same conclusion about the proliferation of regional bodies and their promotional activities and it called on the government to review the whole position urgently.

Flexibility

Such a review, which should also take into account regional boundaries, should be a priority for the next government. Is there any reason, for instance, why Exeter is excluded and Harrogate, which is in an intermediate area, qualifies for selective assistance? Why should Dundee be a SDA, Montrose just up the road a development area and Aberdeen an intermediate one when they are all in the business of supplying the North Sea oil business? Indeed, why should Aberdeen, which is now one of the country's more prosperous towns, be assisted at all?

Regional policy is now almost 44 years old, and it has more than a touch of middle-aged flab. In the mid-30s perhaps it was concentrated on too few areas. Today, the reverse is the case. A degree of flexibility needs to be injected back into the system, using the better parts of the 1972 Act to concentrate more attention on those areas, like Sunderland, which really need it and not excluding towns such as Bletchley or Brighton merely because they have too little political clout.

China's capitalist bonus

BY JOHN HOFFMANN IN PEKING

CHINA HAS overcome its qualms concerning the reintroduction of material incentives to increase industrial production.

The idea of production bonuses is inseparable from the newly-fashionable Chinese slogan: "From each according to his ability, to each according to *his* work," although for many years the principle was discredited as being on the capitalist road, encouraging self interest and leading to "class polarisation between rich and poor."

Now, however, following instructions from the central Government to mobilise the workers' enthusiasm for increasing production, mines and factories throughout China are adopting a variety of incentive schemes.

Basically the schemes mean more money for workers who pull their weight. But officials, cautious about placing too much importance on financial rewards, insist that "moral encouragement" must be given equal emphasis.

The magazine Peking Review reports that in a pilot scheme which has been operating in a Peking aluminium goods factory since early this year, monthly bonuses are paid to work teams which meet or exceed required standards in output, quality, consumption of materials, safety, attendance and cleaning.

Since bonuses are awarded for team effort and are shared equally among team members, officials believe they have avoided stimulating the un*desirable* pursuit of personal gain.

Not that there is much personal gain to be pursued: the first-class bonus, the highest of three grades awarded at the Peking aluminium ware factory, is Yuan 6 a month (about £1.75). However, in the first three months of the scheme 86 per cent of the factory's workers and staff qualified for bonuses which totalled 10 per cent of the total wages outlay.

Haircuts

Monthly wages range up to Yuan 80 (£24), with an average of Yuan 47. In addition, every worker receives allowances of about Yuan 10 a month for haircuts and fares. Those working in difficult conditions, such as high temperatures, receive an extra nutrition allowance.

However, it does not seem likely that the lure of a little extra cash will overshadow the importance of public approbation for a job well done — or of public criticism for slacking.

Monthly assessments of the productive performance of work teams and individuals at the factory may result in citations as "advanced unit," "advanced worker," "pace-setter" or — the highest accolade—"red banner bearer."

The recommendations and approvals are publicised throughout the factory. Blackboard "newspapers" and the factory broadcasting system extol outstanding performances by individuals and teams.

Outdoor display cases at the factory now show photographs of several pace-setters, 44 advanced workers and eight advanced units. Lists of names are posted at every workshop entrance with red flags marking those of advanced workers.

The factory's monthly assessments also probe the failures of work teams and individuals. Teams which fail to clean their windows or tidy their lockers, or workers discovered dozing during the night shift, are encouraged to admit their shortcomings.

One young woman factory worker, Cha Ta-lien, endorsed the idea that "it is glorious to devote oneself to building socialism and it is despicable to live off socialism."

She told the Peking Review that not receiving a bonus for oneself was a small thing, but to bring discredit on the whole team was a serious matter.

Principle

Other workers quoted were less altruistic. Some said that giving an equal bonus to each member of a team did not accord with the principle "to each according to his work" and saw room for an improvement in the system of distributing incentives.

The Peking Review article anticipated an objection from conservatives who might criticise financial incentives as encouraging the development of a "new bourgeoisie" and commented: "If a worker worked hard and got a first-class bonus every month for 10 years he would have Yuan 720. Could he possibly become a capitalist with that?"

Material and moral encouragement together evidently make a potent stimulus for productive effort. The Peking aluminium ware factory's output of aluminium pots since the incentive scheme went into operation has risen by 109 per cent.

Best bet at York should be improving Southern Seas

RACING

BY DARE WIGAN

GILBEY RACING has had a disappointing response in return for the £3,000 it has contributed to the £6,000 added money for the Gilbey Champion Racehorse Futurity run over seven furlongs at York this afternoon.

However, the runners include Alber Run, who on his last appearance at Ayr on August 1, finished third behind Warmington and Tap on Wood. Since then Warmington has won the Fitzroy House Stakes at Newmarket and Tap on Wood the Group Two National Stakes at The Curragh.

If form has any meaning, therefore, it is reasonable to expect Alber Run to be able to concede 3 lb successfully to the Yarmouth winner, Monief, and 8 lb to Two of Diamonds, runner-up to More Eight at Kempton.

The Follifoot Handicap is a tricky affair. Judged on their running in the Rose of York Handicap at the Ebor meeting here, there is little between Petronisi and Abercata, though both would appear to have a slight advantage over Carriage Way and Blustery.

I hope to see Petronisi, ridden by E. Hide, who knows this course like the back of his hand, defy top weight of 10 st 1 lb.

Olympios, a colt by Busted, who was runner-up to Nicholas Bill in the Melrose Handicap at the Ebor meeting, is a suggestion for the Rufforth Handicap.

Yanuka had the beating of Bluebell judged on their running at Newbury last month, but neither may cope with Eldoret, who recorded a faster time over the Berkshire course the same day, in the Crathorne Stakes.

Best bet of the day should be Southern Seas in the Heslington Stakes. This filly, one of a batch of M. Wildenstein's horses transferred from Peter Walwyn's stable to Henry Cecil's Newmarket establishment, is improving rapidly, judged by her comfortable victory at Yarmouth a fortnight ago.

On that occasion she finished more than 20 lengths ahead of Dom Perignon, who had gone down by only a length to Sungold at Newbury earlier in the month. It is not surprising that Sungold does not run here.

YORK
2.00—Admiral Grenville
2.30—Alber Run**
3.00—Petronisi
3.30—Southern Seas***
4.00—Olympios*
4.30—Eldoret

BATH
2.15—Traquair
3.15—Ernel
4.15—Coquito's Prince

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The principal manufacturers of profiled steel sheet in the UK have formed the Steel Cladding Association to promote the development of the use—about 12m metres a year—of steel cladding for roofs and walls of buildings.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University (ultra high frequency only). 12.35 pm On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Mister Men. 4.18 Regional News for England (ecept London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Big Henry and the Polka Dot Kid. 5.35 Ivor the Engine.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 The Good Life.
8.30 Mastermind.
9.00 News.
9.25 Most Wanted starring Robert Stack.
10.15 Come Dancing: The Grand Final.
11.00 Tonight.
11.40 Weather/Regional News.

All Regions as BBC 1 except at at the following times:—

Wales—5.55 pm Wales Today. 6.10-6.20 Party Political Broadcast by Plaid Cymru, Welsh National Party. 6.55-7.20 Heddiw. 11.40 News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 6.15-6.25 Party Political Broadcast by the Scottish National Party. 6.25 Join BBC 1 (Nationwide). 11.40 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (*Leeds, Manchester, Newcastle*); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.10-6.20 Party Political Broadcast by Plaid Cymru, Welsh National Party (Wenvoe West Transmitter).

BBC 2

Trades Union Congress—"Live" coverage at 9.30 a.m.

6.40-7.55 am Open University.
11.00 Play School.
4.55-7.00 Open University.
7.00 News on 2 headlines.
7.05 Top Gear.
7.30 BC: Archaeology of the Bible Lands.
8.00 When the Boat Comes In.
8.50 Stars in Full Daylight.
†9.00 Films of the 40s: "The Young Mr. Pitt," starring Robert Donat, Robert Morley and Phyllis Calvert.
10.55 Farnborough International 78.
11.20 Late News on 2.
11.30 Closedown (reading).

BBC 2 Wales only—11.30-11.40 pm Party Political Broadcast by Plaid Cymru, Welsh National Party.

BBC 2 Scotland only—11.30-11.40 pm Party Political Broadcast by the Scottish National Party.

LONDON

9.30 am The King's Horses. 9.55 The Violin. 10.20 Westside Medical. 11.00 A Diary of Civilisations. 12.00 Little Blue. 12.10 pm Rainbow. 12.30 Doctor! 1.00 News plus FT index. 1.20 Platform. 1.30 Crown Court. 2.00 Racing from York. 3.15 Trades Union Congress. 4.20 Children's Film Matinee: "The Doberman Gang."

5.45 News.
6.00 Skin Deep.
6.35 Crossroads.
7.00 Father Dear Father.
7.30 George and Mildred.
8.00 TV Eye.
9.00 The Sweeney.
10.00 News.
10.30 "Savages," starring Andy Griffith.
11.55 What the Papers Say.
12.15 am Close: Dorothy Tutin reads from "The History of England," by Jane Austen.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am An Aman Notebook. 9.55 "Les Bicyclettes de Belsize." 10.20 The Electric Theatre Show. 10.45 George Hamilton IV. 11.05 Survival Special. 1.25 pm Anglia News. 4.20 Lassie. 4.45 The Flintstones. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 The Rolf Harris Show. 10.30 The Cuckoo Waltz. 11.00 TV Movie: "Ordeal." 12.25 am The Living Word.

ATV

10.20 am Music at Harewood. 10.45 Spiderman. 11.05 Images. 11.30 Magic Circle. 11.55 The Adventures of Parsley. 1.20 pm ATV Newsdesk. 4.20 The Flintstones. 4.45 Three for the Road. 6.00 ATV Today. 7.00 Emmerdale Farm. 10.30 Gardening Today. 11.00 Movie Premiere: "Death at Love House." starring Robert Wagner.

BORDER

9.45 am Survival. 10.15 Rush. 11.10 The Diary of Civilisation. †1.20 pm Border News. 4.20 Code R. 5.15 Johnny Quest. 6.00 Lookaround Thursday. 6.25 Party Political Broadcast by the Scottish National Party. 7.00 Emmerdale Farm. 10.30 Jazz Concert: Kenny Ball and his Jazzmen. 11.00 Chopper Squad. 11.55 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 The Little House on the Prairie. 5.15 Gambit. 6.00 Channel News. 6.10 Sandringham—A Palace for the People. 7.00 The Cuckoo Waltz. 10.28 Channel Late News. 10.32 Down the Line. 11.00 Movie Premiere: "SWAT Squad." 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Star Maidens. 10.00 Spiderman. 10.30 Tarzan. 11.30 The Secret Lives of Waldo Kitty. 1.20 pm Grampian News Headlines. 4.20 The Little House on the Prairie. 5.15 Gambit. 6.00 Grampian Today. 6.10 Farming News. 6.15 Cartoon Time. 6.25 Party Political Broadcast by the Scottish National Party. 10.30 Reflections. 10.35 The Practice. 11.00 Grampian Late Night Headlines. 11.05 Documentary.

GRANADA

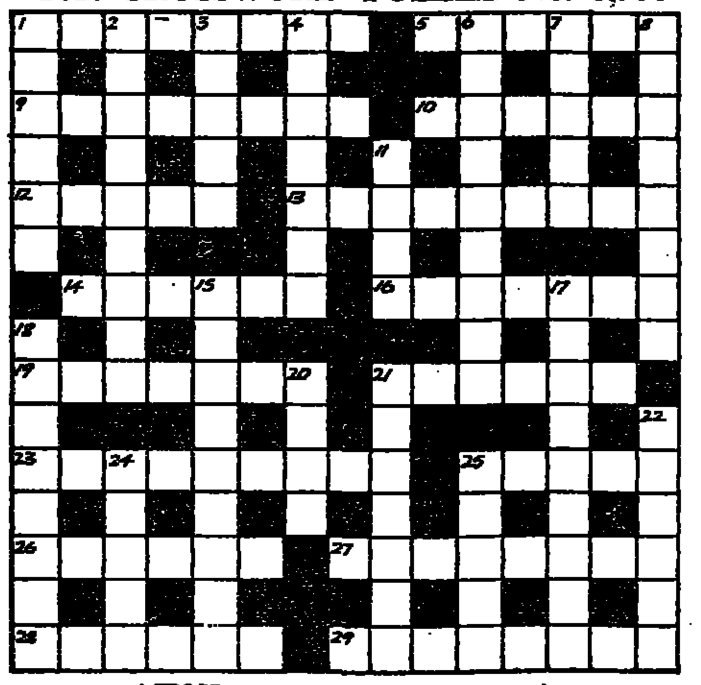
9.30 am Sesame Street. 10.30 The Jetsons. 10.50 Cartoon. 11.00 Tarzan. 11.45 A Handful of Songs. 1.20 pm This Is Your Right. 4.20 Code R. 5.10 What's News. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Protectors. 10.30 Clapperboard North West. 11.00 What the Papers Say. 11.20 Barnaby Jones.

HTV

10.15 am "Crooks and Coroners," starring Telly Savalas and Edith Evans. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 4.20 Take a Bow. 4.45 The Flintstones. 5.15 Cartoontime. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Cartoontime. 6.50 Plaid Cymru Party Political Broadcast. 7.00 What's On Next? 10.35 The Golden Harp Television Awards 1978. 11.05 The Thursday Film: "McCoy—The Big Rip Off."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25pm Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.35-

F.T. CROSSWORD PUZZLE No. 3,764



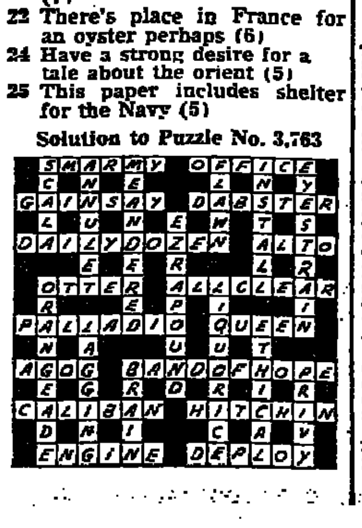
ACROSS

1 Most up-to-date—a woman wants to have it (4, 4)
5 Talisman for Master Jock (6)
9 Shoe-shine gets union ban (8)
10 Rut in which the mods like to be (6)
12 "And a small — build there of clay and wattles made" (Yeats) (5)
13 Recovering like the seamstress (2, 3, 4)
14 Standard girl found in our railways (6)
16 Motoring body concerned with strange crime in this country (7)
19 A little country road ran round (7)
21 Get round one object of veneration (6)
23 Savoury expression for a picture (3, 6)
25 Look inside for stump (5)
26 See the county for songs (6)
27 "I waited for the train at — (Tennyson) (8)
28 Watch for old Bob on the way in (6)
29 They must stop looking down in the mouth (8)

DOWN

1 There is good fortune about to be made in German port (6)
2 The leading council gives right direction (9)
3 Rouse a Pacific island to the North (5)
4 Spite drove the commander to the city (7)
6 Contract can be arranged by a mere agent (9)
7 It is spice for a chap around fifty (5)
8 Perfection for one in the business (3, 5)
11 Philosophic colonnade (4)
15 There are pointers leading to it (5, 4)
17 Starts a little distance with Titus (9)
18 Denial of bare feet in Sussex (8)
20 Sounds sick of drink (4)
21 Disapproval of fish in Tuscany (7)
22 There's place in France for an oyster perhaps (6)
24 Have a strong desire for a tale about the orient (5)
25 This paper includes shelter for the Navy (5)

Solution to Puzzle No. 3,763



RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Peter Powell. 2.00 pm Tony Blackburn. 4.31 Kid Jensen.

RADIO 2

RADIO 3

RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

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Record Review

Atlántida

by RONALD CRICHTON

Falla-Halffter Atlántida. Tarrés, Ricci, Sardinero / Spanish National Chor. and Orch./ Frühbeck de Burgos. Two records in box. Decca SLS 5116. £8.75

Falla Nights in the Gardens of Spain. Concerto (harpsichord and piano versions). Achúcarro/LSO/Mata. RCA RL 31329. £3.99

Granados Goyescas (vols. 1 & 2), El pelele. Larrocha. Decca SXL 6785. £3.99

Granados Songs—Tonadillas and Canciones amatorias. Lorengar, Larrocha. Decca SXL 6866. £3.99

Atlántida, Falla's last and longest work, cost the composer some 18 years of labour and remained incomplete when he died in 1946. For an even longer period, Falla's friend and disciple, Ernesto Halffter, toiled to bring the whole work (parts of it finished and scored, others finished but not scored, still others far from ready) into a performable state. Halffter's first version, tried out in concert and theatrical form in the early sixties, was withdrawn and reworked. The "definitive" version given at the Lucerne Festival in 1976 for the centenary of Falla's birth was also withdrawn, but for a much shorter period and for far less drastic revision. The final result was heard at last year's Granada Festival. EMI have recorded the work with mostly the same artists—Rafael Frühbeck de Burgos as conductor, the Spanish National Chorus and Orchestra.

Falla described the work he made out of Verdaguer's epic poem in Catalan, *L'Atlàntida*, as a "scenic cantata." It seems clear that until quite a late stage he and his close friend, the painter and designer José Maria Sert, envisaged some kind of simple, pageant-like staging, but it is as a major gain to the choral repertory that the future of *Atlántida* most surely lies. Verdaguer's poem mingles myth (the exploits of Hercules in the Iberia and the drowning of the continent of Atlantis) with Christian history (the discovery of the Americas by Columbus, who sailed over the legendary *site of Atlantis*). However great his literary merits, the events as told by Verdaguer are quite unsuited to normal theatrical treatment. They have, however, nothing to lose and much to gain from the gramophone.

Though one may salute the speed with which EMI have put *Atlántida* on the market, the recording shows signs of haste. It may be the definitive version but not, alas, a definitive performance. In his work with the Philharmonia Chorus Frühbeck has shown some of the qualities associated with Sargent as choral conductor — unfailing physical energy combined with a special gift for producing soft choral tone that does not go dead. The Spanish National Chorus at their best have a colour and sap in the tone not to be heard from our larger bodies, but here, especially in the many pages where only a half-chorus is used, they tend to flag. Yet the score contains choral music of great interest and variety—vigorous and solemn polyphony, impressionist writing of the kind describing the catastrophe that overtook Atlantis, and small but exquisite things like the arrival of Hercules at Cadiz (beginning of side 3) with a tender allusion to *El amor brujo*.

The work expanded as it went along into a prologue and three parts. The prologue and the first and third parts, largely completed though not all orchestrated by Falla, are convincing, often deeply impressive. The difficulty comes with part 2, dealing with Hercules and the catastrophe. This part was left at the composer's death in a state of confusion. It was here that Halffter, faced with a mass of sketches and alternatives, had the most to do. Falla, whose health began to fail about the time he undertook *Atlántida*, was evidently not, in his later years of virtual isolation in Argentina, strong enough to bring the material into his normally clear focus, and perhaps unwilling to admit that this part at least of the text was unsuited to him as a composer—the events depicted suggest a vast symphonic poem, a sort of glorified *Garden of Fand*. Nevertheless, the composite composer Falla-Halffter has here produced some striking if uneven results.

Book Reviews will appear on Friday

Of the soloists the best is Vicente Sardinero as the baritone narrator—a kind of adult, sobered-down counterpart to the irrepressible boy-narrator in *Master Peter's Puppet Show*. The single scenes for the two Queens, Pyrene (mythical) and Isabella (historical), written respectively for contralto and soprano, can be taken by the same singer — both de los Angeles and Berganza have done this with notable success. Here they are divided. Enriqueta Tarres sings Isabella's Romance, the most immediately winning part of the score, nicely but without the innocent radiance music and text call for. For Pyrene's fine, Monteverdian lament (apparently the last page Falla wrote) Anna Ricci is unfortunately not well chosen. The charming music for the seven Pleiades is competently done by a group led by Paloma Perez-Iñigo. The leaflet includes the Catalan text with English translation. Those who posses the old Ricordi vocal score will find many differences, especially in part 2. A new score is to be published soon.

The kind of performance *Atlántida* needs and deserves—minutely considered, highly polished, but probing well below the surface—is to be heard in an outstanding RCA release of *Nights in the Gardens of Spain* and the Harpsichord Concerto with Eduardo Mata conducting the LSO. Joaquin Achúcarro plays the piano obligato in the *Nights* and the solo part in the concerto—both harpsichord and piano versions. Falla did this himself—when he wrote the concerto the dedicatee, Wanda Landowska, was virtually the only harpsichordist of international standing. In any case the short work is so tightly packed with musical incident that two hearings are welcome. The contrast between the two keyboards is as interesting as one might expect. The recording gets the balance between the solo part and the five wind and stringed instruments right in a way almost impossible in the concert hall. In the *Nights* Achúcarro does not articulate all the piano's flourishes quite as clearly as Larrocha in her recording, but his playing has a cool distinction and the score as a whole comes up marvellously fresh.

Falla liked and admired Granados, yet their use of the Spanish musical idiom was utterly different. Falla thought long and hard about every note (and indeed before committing any notes to paper). Granados, spontaneously lyrical to the point of wastefulness, poured out fluent ideas almost heedlessly. Later he would revise, but the revisions were given not to publishers or editors but to friends or other musicians or left lying about. Listening to these two Decca discs and noting discrepancies between performance and printed page one is driven to the conclusion that sooner or later Alicia de Larrocha must be persuaded for a while to stop playing the music in her inimitable way and produce an authoritative version—she directs the piano school in Barcelona which her distinguished teacher, Frank Marshall, inherited from Granados himself.

The *Goyescas* record (both volumes, plus the separate but allied "El pelele") is masterly. Larrocha is even better than before at defining the Scarlattian detail hidden in the swathes of notes without impeding the flow or clogging the texture. In the second "volume," which can seem tautological, she finds, especially in "El amor y la muerte," a new and deep expressiveness. She is of course an admirable piano partner to Pilar Lorengar in the same composer's songs. Miss Lorengar is charming and tasteful, but she brings to the music overtones of the Countess Almaviva, or even Wagner's Elsa, which do not greatly help. She is at her best in the less idiomatic (but very beautiful), intimate rapture of the neglected *Canciones amatorias*. Larrocha's playing was even more vivid in the old but desirable Everest "Homage to Granados" record in which the singer, shamefully under-billed by the publisher, was the original interpreter of the *Canciones*—Conchita Badia, still a uniquely stylish interpreter in her late sixties, when the record was made.

Riverside Studios

The Changeling

by B. A. YOUNG

The plot of Middleton and Rowley's horrific drama is complex, but never less than clear. Changelings abound in it. Beatrice-Joanna has De Flores murder her fiance Alonzo so that she can marry Alsemero. De Flores then exacts his price—her virginity. Someone still intacta *must therefore take her* place in the marriage-bed. Meanwhile, in the local madhouse two young men are posing as madmen in order to gain access to the proprietor's wife, whom he keeps closely guarded. This subplot is only loosely connected with the main story (the men are suspected of Alonzo's murder because of their flight from court): lunatics were commonly regarded as material for amusement in Jacobean times, and the madhouse antics provide relief from the accumulating horror of the main plot.

Leonard Burt

Brian Cox and Emma Piper

The villainous De Flores is played by Brian Cox with a hideous blemish on his face and a soft, coaxing voice at odds with his murderous character. Beatrice-Joanna, "so harsh and high," is kept a little too restrained by Emma Piper, who need hardly care about her birth once she is so steeped in crime. She even has a comedy scene with the chest of patent medicines, and plays that with very little sense of fun.

Her father is given more humanity in a fine performance by Willoughby Gray, though he is so aristocratic that he never moves without a small bodyguard marching behind him. Joseph Blatchley as Alonzo, with his stately Spanish grace (the play is set in Alicante), would perhaps have been a better match for Joanna than Alsemero, to whom John Price attributes as much courtesy as nobility.

Peter Gill has staged the play in what we can now accept as his usual style. The wide floor of bare tiles is innocent of scenery, apart from half a dozen plain benches along the back wall. Above them is a line of panels, painted by Liz da Costa with a design of madmen. But every detail of the action is conveyed by the voice and the face, and I doubt if I have ever heard dialogue from this period spoken with such a combination of beauty and intelligence as it is here virtually by the whole cast.

Mr. Gill has a genius for arranging characters on his big stage to provide the most striking picture. It is beautiful to see how, with the subtle aid of *Rory Dempster's lighting, that* bathes large or small areas of the stage in apt floods of light, groups and individuals are located to perfect visual satisfaction as in a conversation-piece by Gainsborough, while attention is focused at the proper point. Emotion is occasionally underlined with some uncommonly good music by George Fenton. The whole production is of outstanding merit.

Australian wins Commonwealth Poetry Prize

The annual award of the Commonwealth Poetry Prize has gone to Timoshenko Aslanides for his first book of poetry *The Greek Connection*, published by the author in a limited edition of 500 copies (available from him c/o 57 Vale Street, Cabramatta, New South Wales 2166, Australia).

Monteverdi at Edinburgh

by MAX LOPPERT

The first of the two visiting opera companies at this year's Edinburgh Festival was the Zurich Opera, which gave two performances each of the three surviving Monteverdi operas — *Orfeo*, *Il ritorno d'Ulisse in patria*, and *L'incoronazione di Poppea*. To sit through them, in chronological order, in the space of four days, was an endlessly rewarding experience; the kind after which one can never be the same again. There will be plenty of reservations later in this notice, and some plain carping, about musical and dramatic aspects of the "cycle" as it was here presented. But first there must be simple expressions of gratitude — to the Zurich company for its boldness in conceiving the project and for the generally high level of execution with which it has been carried out, and to Peter Diamand for bringing the shows to the King's Theatre. The project and its completion can be taken, among other things, as the high-water mark of Monteverdi's now universal acceptance as the first great master of opera.

Ronald Crichton reviewed all three productions on this page, following the Zurich festivals of 1977 (when *Poppea* was new and *Orfeo* a two-year-old revival) and 1978 (when *Ulisse* was first shown). As he made clear, the twin pillars on which the Zurich Monteverdi edifice rests are the musical directorship of Nikolaus Harnoncourt and the production, in his own set designs, of Jean Pierre Ponnelle. The working methods of both men have already aroused, and will no doubt continue to arouse, fierce controversy. Although the ensemble of "period" instruments that is the foundation of the performances is billed as the Baroque Orchestra of the Zurich Opera, its personnel seems in large part that of the Concentus Musicus of Vienna, the band schooled by Harnoncourt over many years to a degree of expertise hardly rivalled elsewhere. Enthralled admiration of the sounds they made was a *leitmotif* of the three evenings, and must be understood as informing any discussion of what was played. The brilliance and variety of the timbres Harnoncourt drew from his forces, and the easy virtuosity of their formation (hardly a string scratch or an oboe squawk to be heard, and intonation as near true, especially among the trumpets and *cornetti*, as one has the right to expect), were themselves as good a reason as any for the visit to Edinburgh.

"What was played" is, of course, a large measure of the controversy. All three operas, but *Ulisse* and *Poppea* by far the more comprehensively, have been realised by Harnoncourt in editions as sumptuously instrumented as those of Raymond Leppard (with the difference that Leppard's were designed for performance on modern instruments). In this direction Harnoncourt *has progressed a good deal* further since recording the operas for Telefunken; he has enlarged his continuo resources, and now rings changes much more insistently from one continuo instrument to another for contrasts of colour. The ritornellos and other purely instrumental episodes and more important, the vocal accompaniments are fully elaborated—alien wind players are invited into the Monteverdi orchestra, and glamorous counterpoints and configurations support the voice parts. Harnoncourt's versions lie at the opposite pole from the austere, small-band style essayed by Roger Norrington in his Kent Opera Monteverdi presentations, which have provided the most recent proof in this country (if proof is still required) that Monteverdi's vocal line is more immediately, more directly affecting, when barely clothed, when the marriage of voice and text is allowed its supremacy undiluted by instrumental enrichments. In practice, however, the Zurich musical realisation has been closely moulded to the circumstances of the character of the production, and the result is a compelling and persuasive theatrical entity.

In addition, a purer, simpler instrumental style might well have placed a burden on the vocal abilities of the Zurich casts too heavy, on this evidence, for them to support. For then, vocal eloquence becomes paramount. Clarity, warmth, and forwardness of voice production fused with a constantly appreciative and lively sense of the words and their dramatic significance, an instinctive (but carefully schooled) mastery of Monteverdian declamation: these are the essentials of expressive Monteverdi singing, and thus—for the singing is the most important single ingredient in the opera—of expressive Monteverdi performance. By these essentials are implied (though not demanded) a native fluency in Italian utterance and a preponderance of warm Mediterranean vocal timbre. Despite the support of so bewitching an instrumental sonority, the singing throughout the three evenings was disappointingly patchy, deprived in many important roles of essential requirements or even plausible substitutes—either Harnoncourt had no control over casting, or else, as his recordings suggest, his concern for appropriateness of vocal colour and expression is markedly less urgent than for orchestral refinements.

Orfeo had the worst of it. There was lamentable woofing by the chorus, and an unhappy excess of muffled, ill-accented Teutonic Italian (full of "kvi," "kvello," and "kvesto") in almost all of the smaller parts in dubious alliance with rough tone shapelessly pasted over the phrases. In the title role, Philippe Huttenlocher could not offset sympathetic presence against dry, colourless vocalisation—he huffed and puffed through the coloratura of "Possente spirto," and dropped more than once into violent *parlando* devices, nearer in spirit to Mascagni than to Monteverdi. From the general uncertainty of style must be excepted the young Mexican tenor Francisco Arniza, whose first shepherd (and, in *Ulisse*, whose Telemachus) turned a limpid, cleanly focused line that was balm to the flagging *senses. As Sylvia, messenger of* woe, Glenys Linos was impassioned and vibrant in a way that came close to melodrama (but for this, and for much else, the producer must—and will—be blamed).

In *Ulisse* the vocal picture was somewhat less gloomy—Werner Hollweg as Ulysses (impressively forthright of manner and manly of utterance despite his habitually nasal, pinched tone) and Ortrun Wenkel as Penelope (a steady, even contralto, employed with insufficient tonal light or verbal shade) led with dignity a cast in which the light soubrette soprano of Sylvia Greenberg (Melanctho) and the remarkable trumpet-toned boy soprano Andreas Riedman (Cupid in both *Ulisse* and *Poppea*) made spirited contributions. But most of the vocal distinction was saved for *Poppea*. If Nero must be a tenor, let him be a tenor of Eric Tappy's resolute and definite style—the sound was never sweet to the ear, but it was agile, and shaped into meaningful phrases; Rachel Yakar a sultry, witty Poppaea, suggested reserves of strength behind her light, frivolous gracing of the lines that were drawn on to telling effect in the final scenes.

Arnalta was also a tenor, in the brilliantly comic person and impeccably cultivated voice of Alexander Oliver—his beautifully sustained line in the lullaby was a highlight of the evening. Matti Salminen one admired particularly for the smooth way a mighty bass was disciplined to the distilled simplicity of Seneca's music. In this he could give a lesson to the Octavia of Trudeliese Schmidt (she also undertook Music and Hope in *Orfeo*), whose strong voice was too often coarsely thoughtlessly belted out—the result was aggressive instead of imperious and tragic. With a wisp of a voice, and a delighted savouring of every syllable, Maria Minetto (Euryclea in *Ulisse*, Octavia's nurse in *Poppea*) made herself in some ways the most authentic performer on stage.

Rachel Yakar and Eric Tappy in 'L'incoronazione di Poppea'

But I cannot further delay mention of the producer, who, more than any other element, was responsible for the close-packed succession of splendours and miseries of which the three stagings were composed. Ponnelle is, in my colleague's memorable phrase, a "theatre man for whom too much is not quite enough." Ideas tumbled out in thick profusion, and there seemed to be neither self-critical nor self-moderating device within their inventor for rejecting the tasteless, the infantile, the coyly-laugh-winning that jostled with the flashes of real dramatic perceptiveness. On their own terms, all three shows "worked" —worked with a success as often to be regretted as admired. A basic set served all three operas, made up of a courtly facade delineated by balconies, galleries, colonnades, a back-central arch, and a frontal terrace area leading without division of level into the orchestra. In *Orfeo*, it became the courtyard of the Gonzaga palace, and the *favola* was itself an aristocratic entertainment in which the court took part. In *Ulisse*, pastoral *elements were suggested, in* *Poppea* imperial emblems were added. The change of backcloth seen through the arch was quick, attractive, and deftly managed. Pet Halmen's costumes, stemming directly from Ponnelle's conception (or, frequently, as in the case of Penelope and her suitors, misconception) of character feasted the eye with their fantasy and complicated detail.

Orfeo was allowed to retain more of its original character than were the later operas, despite the overplaying of the bouncy peasants (a cliché-ridden assembly of fake rumbustiousness if ever there was one), the manifestation of Sylvia in the guise of a black-garbed, antic-posturing Medea, the hamming of Orpheus' sufferings. If the dissolution of boundaries between stage and orchestra — characters exited past the conductor, instruments were sounded from positions among the singers —was a dramatic conceit that swiftly began to seem abused, it was a restrained abuse by comparison with the larks of the remaining productions. And the passionate playing of Orpheus' pleas to Charon and of his confrontation with the Underworld established a dramatic impetus that survived all the mishaps attendant on the singing.

In *Ulisse* directorial taste was *at its most heedless and cavalier.* It would make tedious reading to record all the instances of supererogatory dramatic detail, half-thought through and imposed upon the action, of surrender to coyness (not the true, broad ribaldry in which Venetian opera delighted, but a knowing, self-regarding 20th-century declension of it), of Ponnelle's inability to resist japery in scenes whose gently unfolding nobility sets the tone of the opera. One thought that the low point of the entire cycle had been reached in the scene of Penelope's wooing, a sustained bout of tomfoolery by three suitors garbed as Cardinal Richelieu, until the monologue of Irus the glutton, *delivered from the conductor's* podium, placed that point lower, and then the great duet of reconciliation between Penelope and Ulysses placed it lower still — anyone who can enact the scene as a roll on the floor simply denies the sense of the words and the music.

By contrast, much of *Poppea* flowed forward as a compulsively gripping narrative. Poppaea's amorous and political fortunes, greedily advanced by her nurse, Arnalta, were charted with keen, fertile theatricality; it is a true, and strangely touching, insight that demonstrated the bond between amoral young fortune-hunter and avaricious old protectress to be the closest and toughest in the entire opera. Yet the charge that, here once more, Ponnelle failed the grand outlines and the central seriousness of a great and infinitely unsettling masterpiece by seeking out trivial by-play will not be resisted. The upward progress of the heroine must be balanced by the downfall of two great and powerful aristocrats. When Seneca is played as an old dodderer, Polonius-style, whose *famigliari* horsed about during "Non morir Seneca," and Octavia not as a tragic heroine driven to desperate acts but as a shrill, painted harpy, then Monteverdi's and Busenello's balance is utterly destroyed.

Love (a loathsomely cute *putto* Cupid), Virtue, and Fortune, not just personifications in the prologue, remained on stage throughout the opera, being seen to control the destinies of all the characters—an idea with some sense in it so heavily underscored as soon to provoke mental screams of impatience. Cuts in *Ulisse* and *Poppea* reduced Telemachus and Drusilla to ciphers; yet place was made in the former opera for the insertion of a Monteverdi madrigal into the courtiers' scene, choreographed as the lowest of farce. One came away from the Zurich Monteverdi experience surfeited with the hectic copiousness and the indiscriminateness of Ponnelle's vision. For all the theatrical zest, the incidental illumination, and the beauties of sound, one seemed to have lost touch with the qualities that make the three operas impor*tant, profound, and life-*enhancing in their own right.

Wigmore Hall

Jiri Hudec

by ARTHUR JACOBS

From more than 60 competing double-bass players drawn from 17 countries and somewhat improbably assembled on the Isle of Man last week, Jiri Hudec of Czechoslovakia was declared the winner. At his London debut on Tuesday he was introduced by Rodney Slatford, the well-known British bassist who was the animating spirit of the Manx event and whose tee-shirt bearing the competition symbol of two bass clefs bade a cheerful defiance to conventional concert rig.

Over-priced (the best seats cost as much as £2.50) and therefore predictably ill-attended, the recital was none the less a distinguished artistic event. Nearing his 25th birthday, Mr. Hudec is already the complete and astonishing master of an instrument which I shall never again dare to call gruff, clumsy, short-ranged or inarticulate. Because he plays quite without ostentation, without betraying the tremendous physical tension involved in control of the great bow and in stopping the strings with fingers and thumb, one could almost overlook the magnitude of his achievement.

Mr. Hudec adopts, as few British players do, the German *"underhand" grip of the bow*, but with a position of the fingers which (I was told) is special to the Prague School. The flow of tone he produced was so smoothly beautiful, with a range touching the A and B above the treble stave, that one could settle for pure enjoyment of the music—especially with a sonata by Hindemith and with a concerto in B minor by Bottesini, a virtuoso of a century ago. The only thing marring Mr. Hudec's presentation was a curiously impolite reluctance to acknowledge the admirable participation of his pianist, Clifford Benson.

The programme also included a modern Czech *Andantino* by Frantisek Hertl and an attractive *Intermezzo and Tarantella* by the Russian, Glière, together with the specially commissioned test-piece composed by David Ellis (*Malcolm Williamson having* dropped out) for the Isle of Man competition. Mr. Ellis's piece is an unaccompanied sonata—short, but of substantial interest — which, presumably for added brilliancy of effect, Mr. Hudec elected to play a whole-tone higher than written. Expectation will run high when this fine young performer presents a new double-bass concerto by Richard Rodney Bennett at the Elizabeth Hall on October 15.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871/2, 883897
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Thursday September 7 1978

A vote for inflation

KING CANUTE had the help of Nature. When he needed to convince his courtiers that he was less than omnipotent, he *had only to command the tide* to retreat and leave them to watch *his* feet getting wet. The Prime Minister has had less luck with his supporters at the TUC. Despite his repeated attempts to explain the limitations of State economic power, the trade unions vote ever more resolutely for never-never land.

Rigidities

The rejection of a 5 per cent wage norm could be defended, in isolation, as a perfectly serious vote against the rigidities and distortions which result *from incomes policy*, and tend to get steadily worse as the period of controls is extended. A resolution which speaks of "normal and responsible" collective bargaining is superficially attractive. Responsibility, after all, implies not pricing your members out of their jobs, negotiating the means—higher productivity—as well as the end, higher real wages, and keeping fratricidal wars over differentials within bounds. Unfortuantely the context of the TUC resolution makes it clear that any reference to "responsibility" is purely oratorical, as far as the TUC is corporately concerned.

On the wages front alone, the unions apear to be demanding their rises this year twice over—an increase in pay of unknown size, and on top of this a substantial cut in working hours. The Prime Minister got a bad reception when he reminded the unionists that they could demand extra money or extra leisure, but one would have to offset the other. There are also the routine demands for *special* treatment *for low* pay, reviving memories of a union official who once argued in a broadcast that everyone should get at least the average.

However, claiming more than you expect to get is a normal part of bargaining, and unrealistic targets will not seduce the more realistic man on the shopfloor; there are still encouraging signs that a large rise in real wages does not encourage the sillier sorts of militancy. It is the economic policy context of these claims which is more wrong-headed, more inflationary, and more likely to mislead.

It would be hard to contrive a recipe more likely to provoke inflation and inhibit growth than the blend of job protection, higher public spending, tighter price controls and confiscatory attacks on wealth applauded by the delegates. Unfortunately it is *only too easy to persuade* some men in the street that price controls stop inflation, that giving unproductive work to the jobless solves the problem of unemployment, and that any damage done by compressing profits and destroying incentives can be put right by an indiscriminate application of North Sea funds. Most people have now learned that they cannot get the moon by being paid in confetti: some may still be persuaded that they could after all have the moon if only the *Government would* adopt the illogical "alternative strategy" sponsored by the TUC and supported by some Labour MPs.

Cost of harmony

The Prime Minister and the Chancellor, of course, are men who have learned realism in a hard school, and there is no chance of their believing this nonsense; a Labour Government under either would be one which, while sympathising with trade union aspirations, would seek to reject most TUC policies for achieving them. However, a Labour government opposing the basic ideas of the trade union movement has to pay a price in what it considers less essential matters — exchange controls, the structure of tax concessions, expensive rescue operations, an *attempt* to enforce wage norms through back-door pressure on employers, unrealistic proposals for workers' participation, and burdensome employment legislation. In total this is a high price to pay for the apparent harmony between Government and the trade union movement. The TUC's resolutions suggest that future harmony would also be bought dearly.

The moment to retire

FOR SOME years past and more noticeably since last month when they seized the Government palace in Managua it has been the left-wing Sandinista guerrillas who have made the running among the opposition to the Government of General Anastasio Somoza, the President of Nicaragua. With a good deal of help from the Cuban government the Sandinistas, despite deep and bitter internal disagreements. have mounted *a number of hit and run operations* against General Somoza, the third member of his family to occupy the presidency of a country which they have controlled since the early 1930's.

Conservative party

At times the *Sandinistas* hit the front pages of the world's newspapers as when the seized a group of diplomats and politicians during a Christmas party in Managua or when they made raids over the border from neighbouring Costa Rica. It is doubtful, however, *if they* made any real dent in the well entrenched position of the Somoza family in the country. The statistics show that last year the gross domestic product grew at no less than 6.2 per cent, a rate o fincrease which many more developed countries of the world have reason to envy.

In the past few weeks however a major change has come over the opposition to the Somoza government, prompted perhaps by the murder of the noted newspaper editor and leader of the Conservative party, Sr. Pedro Joaquin Chamorro, some months ago and the insurrection of many young people in the city of Matagalpa.

The Conservative party which had gone for decades without making any protests against the practices of the ruling family and its followers in the Liberal party suddenly recovered its voice and the business community which had remained silent about the past excesses of the Somozas also raised its protest.

The situation today in Managua is that much of the economic life of the country has been brought to a halt as a result of a strike decreed by business leaders against the Somoza government. Despite pressure ranging from arrests to the severing of lines of credit to protesting businessmen the stoppage continues Traders and manufacturers argue that the longer General Somoza stays in power the greater the threat of full blown civil war in Nicaragua. Civil war, they argue would bring ruin to the economic structures of the country and would have the political effect of strengthening those sectors of the left which had hitherto not been notable for their successes.

At the same time the General himself has shown signs in the past few days of not being in control of the situation. He *has not* been able *to stop a* run on on the banks and while his soldiers have been attempting to quell the insurrection by force of arms he has made liberal use of verbal violence against those who are unsympathetic to him. He has made the astonishing assertion that the U.S. administration is under Marxist influence and he has launched a direct personal attack on President Carlos Andrés Pérez of Venezuela.

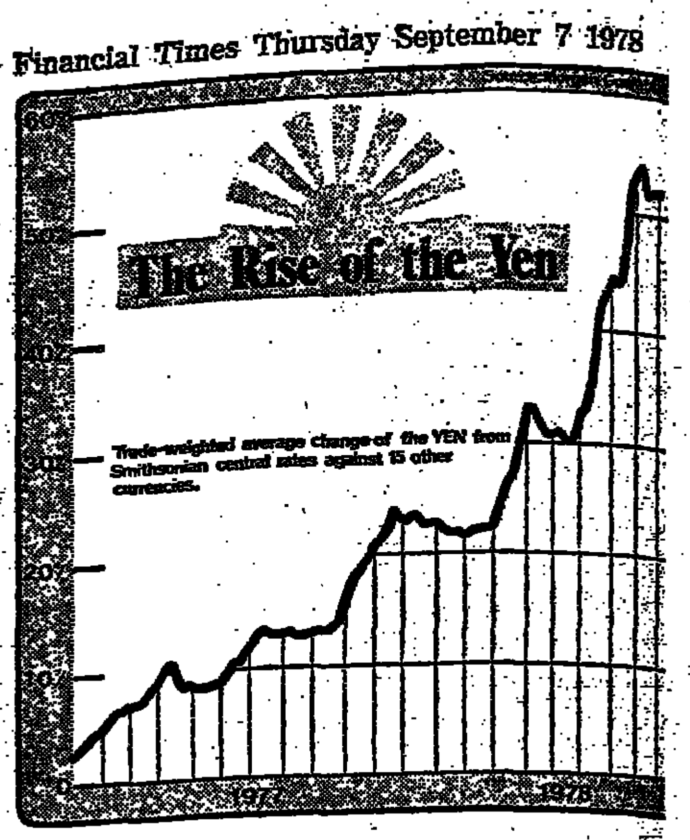
The economy

While he has claimed that all opposition to him is Communist-inspired he has included among the detainees numerous well-known businessmen who are anything but Communists, including, for instance, the general manager of Coca-Cola in Nicaragua and members of the Nicaraguan equivalent of the Confederation of British Industry.

Faced as he now is with virtually universal opposition to the rule of his family it would be much better for his country and for him if he decided to retire immediately and not try to hang *lamely on till his official* presidential term expires in 1981. Nicaragua and its economy would avoid unnecessary damage if General Somoza were to call it a day, forget any ideas he had of installing his son as a member of the third generation of the family to rule the country and bring the curtain down on a dynasty which has ruled with mixed success since 1932.

The Japanese export express slows up

By CHARLES SMITH, Far East Editor



JAPAN'S TARGET of a 7 per cent growth rate in its 1978 fiscal year is coming unstuck, for a reason which, ironically, should be very much to the taste of its partners and competitors in world trade. The reason is that the export boom which kept the economy growing through the years of global recession following the 1973 oil crisis at long last seems to be coming to an end.

The collapse of exports (if that is not too strong a word—though some officials at the Economic Planning Agency and the Ministry of International Trade and Industry would certainly not object to it) seems likely to leave the growth rate at least a percentage point *short of the* 7 per cent to which the Prime Minister, Mr. Takeo Fukuda, committed himself at the Bonn Summit in the interests of a global economic recovery. It could also mean that growth in 1979 (about which Japanese officials are already worrying) will be substantially less than whatever turns out to be the final figure for 1978.

To say that the export boom is ending is not the same as saying that Japan's current account surplus is about to return to modest levels from the excessive heights of the past year or so. Expressed in *terms* of dollars, the surplus is still tending to get larger. Exports in the first three months of the 1978 fiscal year (April to June) were running 23 per cent above the level of the previous year in dollar terms, while the value of imports was only 5 per cent higher. For the fiscal year as a whole, Japan looks like running a trade surplus of well over \$20bn, while the official estimate for the current account surplus (including invisibles) now stands at Y2,700bn. (At the *current* exchange rate, this works out at \$14.2bn).

These figures for the *nominal* value of Japan's exports in devalued dollars must, however, be set against the figures for the actual volume of shipments, which show very different trends. Measured on a volume basis, exports showed a 2.5 per cent decline from a year ago during the three months from April to June, while in July alone the fall came to 7.6 per cent. Conversely, import volume showed a 1.9 per cent rise from April to June, and scored a 4.4 per cent gain in July.

The reason for the downward trend of the volume of exports and for the beginnings of an upward trend of imports is simple enough. Yen revaluation (by 53 per cent against the dollar since the beginning of 1977) has at last begun to blunt the competitive edge of Japanese goods in world markets, while simultaneously making imports cheaper. The effects of yen revaluation on exports can be measured by looking at the trend of shipments by four of Japan's strongest export industries over the past few months.

The *industries concerned* are motors, ships, steel and TV sets. The last three suffered declines in their export volume ranging from 45 per cent (for ships) to 9.5 per cent (for steel) from April-June 1977 to the second quarter of 1978. Car exports were still running ahead of 1977 levels in April-June, chiefly because distribution pipelines in Japan's largest export market, the U.S., had been allowed to run dry and were being replenished. In

Japanese cars exports have started falling

Freddie Mansfield

July, car exports also started falling, and the expectation is that the trend will continue.

The behaviour of imports over the past four months *is* harder to chronicle in detail because no figures are available for the volume of individual items. The most that can be said is that raw material and food imports, which traditionally make up the overwhelming bulk of Japan's purchases from the outside world, are apparently not growing, but that imports of manufactured goods have started to rise. Official figures indicate that the ratio of manufactured imports to total imports has risen as high as 30 per cent in some recent months from the 20 per cent level at which it was hovering until a year or so ago.

Japanese trading companies are said to be stepping up their order for European and U.S. machinery and other capital equipment in the belief that the appreciation of the yen may almost have run its course and is not likely to produce any further savings in the prices of such goods (expressed in yen) in the near future. On the consumer durables front, an instance of yen revaluation taking effect is that of car imports. They have risen in volume by 16 per cent since the start of 1978. Waiting lists of "up to three months" are being reported for some European cars (*notably Mercedes and* Jaguar).

The growth of imports of manufactured goods and the levelling off of exports has begun to have an appreciable impact on Japan's trade balance with the EEC, for long a source of friction and argument. It began to show signs of *stabilising* during the early months of 1978, after at least five years of inexorable growth of the Japanese surplus with Europe. The trend seems to have continued up to July, although EEC officials remain sceptical whether it will last.

The signs of a turn-round in Japan-EEC trade contrasts rather glaringly with the position vis-a-vis the U.S. For a variety of reasons, including the relatively low share of manufactured goods in U.S. exports to Japan, the Japan-U.S. trade gap has opened still wider in 1978 than in the previous year. It will almost certainly set an all-time record for the year as a whole.

The uneasy trading relationship with the U.S. is one reason why Japan is still not out of trouble, as far as its economic relations with the outside world are concerned, and why it may not be free of such troubles for some time. The second, and more serious, reason for anxiety is that the slowing-down of exports has removed a much-needed prop from the Japanese domestic economy.

The importance of exports (or rather of the overseas sector as a whole) to the progress or lack of progress made by the rest of the economy can be understood from a brief glance at the GNP for the first two quarters of this year. In the first quarter, when the economy registered impressive 2.5 per cent growth over the previous quarter in real terms, exports were booming and imports were static, with the result that GNP *growth of no less than 0.7 per* cent came from the external sector.

The situation in the second quarter of the year was the reverse. The external sector made a negative contribution to overall growth, so that GNP expanded by a mere 1.1 per cent, less than half the rate achieved at the beginning of the year. Foreign trade though yielding a net surplus on a monthly basis, will be making a diminishing contribution to overall *GNP growth for the rest* of this calendar year and probably well into 1979. The Government thus seems to have a serious problem on its hands—how to keep the economy growing on schedule for the rest of the fiscal year without the assistance of what used to be its most dynamic sector.

The 7 per cent real growth target, to which Mr. Fukuda originally committed himself last December at the height of what *looked* like an alarmingly intense confrontation with the US, can be attained if, but only if, the economy manages to deliver a quarter-to-quarter growth rate of 2 per cent in real terms during the remainder of the fiscal year (i.e. from now until March 31, 1979). This is nearly double the growth rate of the April-June quarter. Something drastic will clearly be needed to put the economy back on trend during the next few months.

The need for decisive action was underlined in a White Paper on *the economy published* by the Economic Planning Agency shortly before the summer holidays. The warning seems to have been taken to heart by the committee of economic Cabinet Ministers, who spent much of August discussing ways of putting life back into the economy. Even so, there are doubts whether enough has been or will be done to boost the growth rate during the rest of the year.

The centre-piece in the Government's short-term economic strategy is the Y2,500bn public investment package presented last weekend. It provides for the pumping in of funds equivalent to about 1.5 per cent of the 1977 GNP into a wide range of public works projects, such as roads, *drainage, schools* and hospitals, and for the allocation of extra funds to State-subsidised housing programmes.

After allowing for the cost of acquiring land and for delays which may extend the implementation of the programme *beyond the end of the fiscal* year, the Government estimates that the net contribution of the package to GNP will be around 1.3 per cent, or enough to bring 7 per cent growth "comfortably" within reach. Private forecasters doubt this estimate *and are more inclined to think* that, even with the package, growth may barely reach 6 per cent during the fiscal year.

They also ask whether the Government has not been overcautious in confining itself to financing the package mainly from reserves accumulated from the 1978 main budget, rat than *from* new deficit financ There will apparently be additional increase in Government's bond issue t autumn, beyond the amoun already allocated for the 1978 budget, so that the eff of the package on money sup will be neutral.

Another option which Government seems determi not to exercise is to stimul demand by means of a tax Mr. Fukuda and other conse tively-minded economists in Government argue that cut taxes would merely encour wage-earners to save even m of their incomes than they doing at the moment. Th opponents, who include qui number of the most dis guished economists in private sector, see a tax cu the most effective way of sti lating consumer demand (wh accounts for over 50 per c of GNP but is obstinately ref ing to grow).

The merit of Mr. Fuku economic line is that it w probably help Japan to maint its record as one of the m inflation-free major indust countries in the world tod The wholesale price-ind which was originally expected rise by a modest 2.7 per during fiscal 1978, is n officially expected actually fall 1.9 per cent during the months to next March. C sumer prices will probably r by less than 5 per cent agai the Government's origi *estimate* of 6.8 per cent.

The demerits of the Fuku line are that it seems to p mise little or no progress the reduction of unemploym (or, what is equally significa the under-employment of th in work) and probably will *help industry* to tackle the p sistent and worrying proble of excess capacity (curre estimated at well over 15 cent).

The Japanese economy get through 1978 and the quarter of 1979 without serious mishaps, even if GNP growth rate falls well low the target of 7 per cent 1979, when growth may co even less easily than it see to be doing this year, Fukuda's play-it-safe appro to economic policy may tu out to be far less appropriat

MEN AND MATTERS

Switching the court circuit

The Crown jeweller, Bill Summers, tells me that he was "slightly caught out" this week when Buckingham Palace announced that Prince Charles was to switch on the Christmas lights in Regent Street. It was only at the end af the month that he was planning to announce that, after seven years of austerity, the lights were to make a comeback.

Summers, a director of Garrard and Co., and president of the Regent Street Association, says that the fault was his for not checking with the Palace on when the announcement was to be made. But at a hurriedly-convened press *conference yesterday* he had no apologies for the way that Regent Street is sticking to light bulbs while Oxford Street is moving with the times and switching to lasers.

The Oxford Street laser jamboree of a "moving ceiling of lights just above the roofs of *London's* buses" is to cost some £250,000 to instal and promote. But Summers, as befits a spokesman for a street laid out by Nash, adopts a more traditional approach: "One doesn't want to be thought stuffy, but I think laser beams in Regent Street would not be quite right."

Prince Charles is to switch on the more conventional display of silver garlands on his birthday, November 14. The cost of the 5,000 bulbs is £60,000, relatively modest by Oxford Street standards. But from Summers' air of confidence I had the impression Regent Street thought a Royal hand throwing the switch was worth any number of argon lasers round the corner.

"I can see you losing the election on the music lovers vote!"

Flights of fancy

Flying is fun. For those who missed out this summer while waiting two days and more for a plane, British Airways is thoughtfully spending £2.5m to brighten up its image.

A "warm and friendly" *television family called the Taylors* will soon take up the challenge of showing how enjoyable flying has become since those heady summer days. The aim of BA's advertising spree is to bring a "sense of adventure to the airline business," says a spokesman.

BA, I am told, is seeking to reflect how it has changed its face. The big change was, it seems, when BEA and BOAC merged four years ago—which shows that facial surgery in the airline business takes time. Now the top priority is to rid BA of its "snob appeal airline image," and to show it as a "human, caring airline." What about the "Fly the Flag" Campaign? Well, that had been a "bit heavy," and in any case the airline "is now a changed outfit, absolutely committed to low fares," I was told.

Britain's new mass-appeal airline admits that businessmen are facing problems caused by the pressures on counters and seats from the low-fare end of the market. But now special discount sales centres are to be established. In a cruel cut, businessmen are to be discouraged from buying at these —though it may be a consolation that they should receive a faster service from the usual channels. It all sounds marvellous fun.

Stirring the sands

When the Nile turned to blood, red volcanic dust was the reason. As for the pillars of fire by night and of smoke by day, they could possibly have been the island of Santorini erupting. These challenging reinterpretations by Exodus are only two of the theories put forward this week by the metallurgist, John Dayton.

His recasting of the history of the ancients includes bringing forward the date of the eruption—and thus of the destruction of the legendary *Atlantis—by some two centuries* to 1350 BC. He also argues that the dynasties of supper and lower Egypt were not united by the first Pharaoh, Menes, until 2000 BC, 1000 years later than customarily accepted. Even more controversial is his suggestion that Menes of Egypt and *Minos of Crete could* be one and the same character.

Slightly far fetched, I ventured to suggest, only to be told that his dates actually fit in with the dates established by carbon dating — provided these are not "corrected." The usual correction is to apply the changes necessary to adapt ages established by carbon dating to those of the rings in the long-lived bristle-cone pine in Arizona. Such adaptations may be suitable for North America but not for this side of the Atlantic, Dayton firmly says. He *is even more dismissive* of dating systems based on pottery. "Styles from one year can be made much later too. In any case, if a future archaeologist tried to compare a plastic mug with a Royal Worcester cup, he would not get very far."

His own dating is based on the sophisticated technology used in metal smelting and glazing. He thinks it "barmy" that under present dating techniques bronzes with tin apparently took 1000 years merely to cross the mountains from Mesopotamia to north Syria.

In his book Minerals, Metals, Glazing and Man, which has just been printed he lists "technology horizons" which abolish such anomalies, he claims. And, working from the premise that the processing of raw materials had first to take place near where they are found, he insists that civilisation could not have begun in the Fertile Crescent. Silver, tin, cobalt and 23 other elements essential to this civilization are not found there. Instead Dayton suggests Bohemia is a more likely venue — which, instead of Egypt, may have been the true source of the blue faience beads found from Wessex to the River Indus.

How did the archaeologists at this week's international congress react to all this? "Well, it is quite a task cutting the Gordian knot of accepted chronology. *Some* have said that it was about time something like this happened. Others gasp that my 496 pages will take a lot of reading."

Think positive

A Surrey reader watching football with a Jordanian friend remarked on the lack of enthusiasm of one side's half-backs. "You English are defeatists," remarked the Arab. "In my country we would make such players feel good by telling them they were half-forward."

Observer

ECONOMIC VIEWPOINT

Poverty and policy: a cool look

"THE POOR are always with us."—"In a just society no one ought to be poor."

These quotations represent not merely two different social philosophies, but two views of poverty. If poverty is defined in absolute terms then the wealthier a nation becomes, the greater will be the proportion of the population above a given poverty standard, even if economic progress has no effect on the relative distribution of income. But of course such progress also makes it less costly to redistribute income so as to secure for all a given prescribed minimum.

But poverty is also a relative concept; and in practice that is how it is mostly regarded today. Social security benefits, for instance, are linked not only to prices but to the movement of earnings in the whole community. From this point of view poverty is measured by the differences between those with lowest incomes and the general average of the population.

The existence of some people with incomes well above the average is almost irrelevant to the poverty debate. This is so in crude statistical terms because there are not enough high incomes to provide resources for redistribution. Table 1 shows that if all net incomes after tax in excess of £10,000 had been redistributed in 1975-76 they would have yielded £11 per head of the population. The confiscation of incomes in excess of £20,000 would have yielded £2 per head. (Wealth is more concentrated than income, although not by as much as the headline figures suggest.)

But these crude statistics misstate the position. For if such confiscation took place, these excess incomes would be unlikely to be earned in the first place. Indeed a lower top rate of tax might actually have yielded more revenue. The table suggests that incomes above £20,000 were effectively taxed at 80 per cent. If a reduction of the top rate to 60 cent led to an increase of one third in the amount of top incomes earned, declared or received in taxable form rather than in perks or in the form of capital, this in itself would be enough to finance the reduction. Anything more in terms of incentive would be a pure gain in revenue terms.

In an advanced modern economy the poor—in the sense of those at the bottom of the income scale—no longer make up the majority, but are instead a large minority. This makes their position more hopeful, but also highly dependent on the generosity of the great bulk of the electorate in the middle ranges of income rather than that of a few high income earners at the top.

Family

One of the most penetrating economic investigations of modern poverty was recently made by Richard Layard and associates in a Background Paper* for the Royal Commission on Distribution. They recognise from the outset that poverty, even relative poverty, cannot be defined simply in terms of incomes. An income which represents hardship for a large family might enable a childless couple to live quite comfortably. The authors' procedure is to use the Supplementary Benefit Scale, which takes into account family circumstances and also housing expenses. A family is defined as being in poverty if its net annual income is less than 140 per cent of the Supplementary Benefit Scale. Some 26 per cent of the population and 29 per cent of all families are to be found in such a position. For comparison, the majority of people live in families with income clustered around 200 per cent of the Supplementary Benefit level.

Some 64 per cent of elderly families are classified as low income; and the elderly account for 57 per cent of the poverty total. The crucial factor likely to save a retired family from poverty is of course the existence of an occupational pension.

Single parent families are likely to be poor, but they account for only a small proportion of total poverty. Poverty among couples is greatest where there are three or more children and the wife is not working. In this category 48 per cent are below the poverty line. Poverty is also high among the unemployed. As they also tend to be people with low wages when in employment, their poverty may be quite compatible with their not having very great financial incentive to find a job.

These influences may seem obvious, but they do show the futility of trying to tackle poverty by introducing a bias in favour of the lower paid into wage settlements. Such a bias would price many people out of jobs while still leaving the incomes of many employed people—not to speak of the old and unemployed—below the poverty line. As the report says, "a substantial proportion of low paid employees (eg earning wives and young people living at home) are not in poor households; and a substantial proportion of the poor are not low paid." Indeed one of the main conclusions of the Royal Commission study is that the poorest families of the community are largely dependent on the state for their support. (Some 60 per cent have no other earnings.)

1. TAXATION OF HIGH INCOMES 1975-76

(1) Level of total income £	(2) Number of incomes above that level	(3) Excess income £m	(4) Income tax on excess income £m	(5) Excess income per cap of population: Gross of tax £	(6) Excess income per cap of population: Net of tax £
10,000	310,000	1,800	1,210	32	11
15,000	105,000	880	670	16	4
20,000	46,000	530	410	9	2

Column 3 shows total income earned by recipients in excess of levels shown in Column 1.
Column 4 shows income tax levied on this excess income.
Columns 5 and 6 show gross excess income divided by population gross and net of tax.

Source: Written Answer by Mr. Robert Sheldon to Mr. John MacGregor; Hansard July 24, 1978, Column 500

The Commission's Background Paper also contains a fascinating attempt to account for variations of hourly earnings. The results are summarised in Table 2. The basic determinant of hourly earnings, apart from work experience, appears to be the number of years of full time education. For instance, a man who was at a university or polytechnic at the age of 19 plus will on average earn about 70 per cent more per hour than someone who left school at 15. By comparison his father's occupation has much less effect. The son of a professional man or manager is likely to earn only 14 per cent more than the son of an unskilled labourer.

There are, of course, some snags about this analysis. Even taken at its face value it only explains a little more than a third of the total variations in earnings. Although a university graduate will on average earn more than someone who left school at the earliest opportunity, within each educational group there are very large dispersions of earnings.

There are also at least two theories about the effects of education on earnings. There is the "human capital" theory, which suggests that there is a direct return to investment in education, as there is to other kinds of investment. The other is the filter theory, which is that educational qualifications are used by employers as a rough measure of ability. People with higher paper qualifications may have on average greater ability or energy, which would still have been there, even if their schooling had been abruptly cut short.

The Commission Paper also points to an astonishing constancy, both in the short and long term, in the distribution of earnings. The constancy was not in occupational relativities, which did in fact change, but in the spread of earnings around the average. In 1970 the male weekly earnings in the bottom tenth of the incomes distribution were about 65 per cent of the earnings of those in the middle; by 1977 they were 68 per cent. Those in the top tenth earned 161 per cent of those in the middle in 1970 and 158 per cent in 1977.

Even the flat level pay limits of Stages One and Two did not affect these relativities. According to the official policy the maximum increase for anyone between 1975 and 1977 should have been about £10. In fact those in the bottom tenth secured £12, while those in the top tenth secured £26, even though all settlements adhered to the norm.

2. HANDICAPS AND ASSETS

Percentage change to hourly earnings resulting from various personal characteristics taken one by one.

	%
Left full-time education at	
15	+11
16	+34
17	+46
18	+52
19—	+84
Father's occupation	
Professional and Managerial	+12
Other non-manual	—12
Skilled manual	—4
Semi-skilled manual	—2
Years of work experience	
5-10	—92
10-20	—132
20-30	+159
30-40	—180
40-50	+177
50—	—151
Coloured, W. Indies	—13
Other coloured	—22
Irish-born	—7
Has long-standing illness	—4
Is married	14

(The basic individual left school at 14 or under, had an unskilled father, has no work experience, is white and born outside Ireland, has no long-standing illness, is unmarried).
Male full-time employees under 65

Source: Layard et al.

There is also an interesting finding on hours of work. The less men are paid, the longer the hours they work. With women it is the other way round: if they are paid less, they work less. It is estimated that a 10 per cent rise in men's hourly pay leads to a 1 per cent fall in hours. It will also reduce the likelihood of his wife working. On the other hand a 10 per cent rise in women's earnings leads to a 4 per cent rise in the rate at which they participate in the labour force.

Finally the Commission Paper spells out the way in which unemployment hits different groups. The unemployment rate for unskilled men is about four times the national average, while that for professional men is about half. Not surprisingly unemployment benefit is a higher proportion of the wage when in work of a low earner than a high one (despite the earnings related supplement). We have then the cruel paradox that unemployment hits most heavily those who are already down: but it is difficult to raise benefit because of the effect on work incentives at these levels.

The calculation is made that a 10 per cent rise in the ratio of net income out of work to net income in work will raise the unemployment rate by a twentieth of itself. This is surely too low; for it suggests that even if there were no financial difference at all for most people between being in or out of work the effect on the national unemployment rate would rise by only a fraction of a per cent. This is a criticism not of the authors but of the current statistical approach to economics.

Much more interesting is the "parallel social security system," to which the authors draw attention, for those in work. It consists of Child Benefits, Family Income Supplements, rent and rate rebates, and free school meals, to name the most important; the Tax Credit Scheme of the last Conservative Government for lump sum payments to all employed individuals would also belong here. If these payments could be made automatic, so that the stigma of claiming were abolished, and related to each other in a coherent way, it would be possible to provide a minimum income level at any level that taxpayers were willing to pay for. The more this parallel system can be extended, the less reliance need be placed on unemployment benefit, and the less the likelihood that a generous level of provision would make it unprofitable to take a job.

The more one thinks of it the clearer it is that the ideal tax and social system for combining incentive with redistribution would be the combination of a lump sum social payment to all related to family circumstance, combined with a high but non-progressive rate of tax, the same at the margin for all taxpayers. This would be unpopular with Left and Right because it would benefit the top and the bottom at the apparent expense of those in the middle; and it would recognise the rights both of the drop-out and the highly motivated go-getter. But this is the only route to a society which is civilised and energetic at the same time. The easy route is to one which is neither.

Samuel Brittan

**The Causes of Poverty. Background Paper No. 5, HMSO, 1978.*

Letters to the Editor

Dispersal technique

From Mr. A. H. Scott.

Sir,—Why indeed should anyone want to go to Heathrow and then grumble about delays and overcrowding in the peak tourist season? We need dispersal.

At Birmingham Airport there is a network of motorways and railways, prime tourist attractions nearby and it is in the centre of England. At the airport there is also the National Exhibition Centre, and the tourist influx corresponds with its off season. There is much parking space and many hotels which serve it. It is an ideal place for despatching tourists on coach tours. London is easily accessible by rail before or after a tour.

In Essex it would save the locals a lot of travelling if, in addition to the rail-air there were to be direct flights from Southend to Paris Orly. In addition, these would be the only flights from the London area which would save one a journey across Paris for a connection at Orly.

A. H. Scott.
102 Beeches Road, Chelmsford, Essex.

Dark side of the moon

From the Planning Director, British Airports Authority.

Sir,—Your correspondents' concern about road and rail travel to Gatwick (Letters, August 29 and September 1) is understandable. But I believe they—like many other people—may have missed the main point.

The argument should not be about the relative merits of Heathrow and Gatwick, for they are complementary components of a single international airport's system, but can we enable London, the main European air transport hub, to continue to develop as the valuable national asset it is now?

The problem is one of increasing numbers of passengers. Heathrow has a capacity of 30m passengers a year. Last year the airport coped with 24m passengers; this year the figure is likely to be 26m. At this rate of growth clearly 30m will be reached and certainly exceeded by the early 1980s. The proposed fourth terminal, currently the subject of a public inquiry, could not be ready until 1984 at the earliest. Any plans for a major new airport or development of an existing one are still the subject of Government consideration and could not be developed in less than eight to ten years.

Gatwick, on the other hand, fresh from a £100m improvement programme, has capacity to spare. This is the reasoning behind the Government's decision to transfer certain services en bloc from Heathrow to Gatwick. However, I think I should also put the record straight on a number of points.

First, one of the foreign airlines involved in a move of Spanish and Portuguese services has claimed that it will lose business as a result. The logic of this assertion is difficult to follow, since all the [illegible] services will be transferred as well.

Second, it is suggested that the business travel market will suffer. Experience gained from past transfers, involving services to many countries in South America and West Africa, has not borne this out. Indeed, the reverse is the case. The success of the recently introduced services to Houston, Dallas and Atlanta underline the point.

Gatwick is not, after all, the dark side of the moon. There are regular [illegible] heli-copter flights between Heathrow and Gatwick. The 10,000 passengers who have already used the service since it opened in June will know the journey takes a mere 15 minutes. Similarly, Gatwick is a handy 36 minutes by rail from Central London with a service every few minutes.

Third, all the traffic surveys undertaken in the last ten years show that over eight per cent of the people who use the London airports start or finish their journeys in the South East.

A dozen domestic destinations are served by Gatwick—including, for the benefit of travellers from the West Country, Exeter and, soon, Plymouth.

Gatwick is the tenth busiest airport in Europe, and the fastest growing. That, surely, is the clearest indication of its popularity.

D. W. Turner.
2, Buckingham Gate, SW1.

Advertising contraception

From Mr. John N. King.

Sir,—In The Marketing Scene, August 31, Michael Thompson-Noel reviews a book "Campaigning for Choice" by Wendy Smith of the Family Planning Association. He quotes her as saying: "Responsible publicity for birth control . . . putting contraception into the context of sex, love and family security, should be allowed on TV, radio and in all newspapers." (There seems to be a self-conscious avoidance of the word "marriage.")

How does Wendy Smith reconcile her statement of principle with he two-pairs-of-feet advertisement shown in your newspaper? That advertisement is quite explicitly aimed at couples who are indulging in promiscuous sex; from the "balloons" it is obvious that the scene depicts the most casual and irresponsible intercourse.

Yet Mr. Thompson-Noel criticises those newspapers which refused to publish this particular advertisement. "Absurd coyness is his description; Wendy Smith calls their refusal "pseudo-fastidiousness."

There is surely a reasonable basis for believing that if the Health Education Council (an official body supported by public funds) takes such a detached, light-hearted view of intercourse between casual acquaintances, then those young people who are tempted will feel that their action has official approval—provided of course that they use contraceptives.

John N. King.
31, Downs Side, Cheam, Sutton, Surrey.

Schedule D taxpayers

From Mr. J. R. Andrews

Sir,—I am afraid Mr. G. Scotton in his letter (August 31) has made the same mistake as the writer of the original article concerning a possible change in the basis of assessment for Schedule D taxpayers. Although in the case of a taxpayer whose financial year end is 30 April, the assessment for 1979/80, for instance, would be based on his profits for the year ended 30 April 1978, it is nevertheless his liability for 1979/80, which for administrative convenience may be based on the profits for an earlier period. This liability has to be satisfied out of the profits that the taxpayer earns in the year 1979/80 and there is no justification whatsoever for raising two assessments in respect of that year if the Revenue moves over to a current year basis of assessment.

For the purpose of the illustration in my letter of 29 August I selected 5 April as the year end solely on the grounds of simplicity and certainly not because it presented my case in a more favourable light. If Mr. Scotton cares to re-work my calculation on the basis of a 30 April year end, he will see that the date is irrelevant. Tax for the year 1980/81, whatever the basis of assessment, is payable on 1 January and 1 July 1981 and this confers no material benefit on the self-employed. If the Revenue wishes to adopt a current year basis of assessment, tax should logically become payable 9 months after the end of the financial year, as in the case of corporate taxpayers.

There are advantages available to the self-employed but these arise mainly from the commencement and cessation rules of assessment. These are not the benefits referred to by the writer of the article and it seems by Mr. Scotton, and these as I tried to explain simply do not exist.

J. R. Andrews,
Lee House, London Wall, EC2.

Freudian analyses

From Mr. D. C. L. Griew

Sir,—Having read many of Dr. David Carrick's articles, I have no reason to suppose that he is not an intelligent and compassionate man. Yet this Monday (September 4), ("Avoiding Voracious Freudians. . .") he showed an obvious prejudice which saddened but did not surprise me, since it is so universal.

Seventy years after the publication of Freud's great works, Dr. Carrick's view of their significance is suggested by the words "obsecene" and "salacious" and he seems to think that we can reject serious consideration of the unconscious mind as a determinant of our behaviour, health and happiness because its existence depends entirely on certain theories which attribute importance to early childhood experiences, some of which are described in sexual terms.

I am not even a well-informed layman, and have never been attracted by the more arcane aspects of Freudian theory: moreover, I accept that from a medical standpoint, classical psychoanalysis is a therapy of limited practicability.

But for me, the central tenets of Freud's work, that human behaviour is largely controlled by motivations of which individuals are at best barely conscious, and that the entire fabric of adult life is an elaborate attempt both to conceal and to satisfy emotional demands which are very often (but thank God not always) childish or destructive, are immutable truths to be seen in every human contact.

Acceptance of these concepts demands humility and self-awareness. They are resisted as universally today as they were in Freud's lifetime, despite the examples, provided in the intervening years, of mankind's potential for savage inhumanity justified by "rational" ideas of class, race, religion or national interest, in the absence of any over-riding moral belief.

D. C. L. Griew.
"White Gates," 34, The Ridings, East Preston, Littlehampton, Sussex.

Profitable enterprises

From Mr. Richard T. Greenhill

Sir,—While I would not dispute the view expressed by Mr. Ferguson (September 1) that the profit motive and individual interest in enterprise has been dented, I feel that it is possible to view the future with some optimism.

During recent years many companies have been developing and implementing policies which are conducive to restoring those principles which Mr. Ferguson feels have been forsaken. Whether employment and industrial legislation has helped or hindered these developments is a debatable point but management and unions together in many cases have acted positively to reverse the downward trend.

In particular there are encouraging signs that the wider disclosure of information about a company to its employees, whether this is through collective bargaining arrangements or through the initiative of management in producing employee reports, has led to a greater realisation of the need for profitable enterprise. Job security and wages are dependent upon it but so too are the provision of goods and services for the customer and other services for the community at large which rightly or wrongly are financed by the National Exchequer through the collection of taxes.

There are other examples of companies keeping employees informed and involving them in the profitable growth of the business. This has come about not because legislation has required it but because of the fundamental goodwill of many working people whether their job is in the board room or on the shop floor. Joint consultation procedures, briefing meetings and other practical forms of communication and involvement have helped to improve or maintain viable and profitable enterprises.

In parallel to these and other forms of communication and involvement there have been significant steps taken by companies to associate remuneration policies to individual and corporate achievement. Wage and salary structures which recognise internal differentials and yet allow individual achievement to be recognised by way of self-financing salary or wage increments, provide a practical way of rewarding those individuals who contribute most in achieving corporate objectives.

Beyond the basic wage or salary structure there are now in being or on the drawing board many types of incentive payment schemes and company wide profit-sharing schemes which, allowing for some of a dubious nature, are designed to produce additional remuneration for employees only if the unit or company as a whole is sufficiently profitable. Some of these schemes including those for clerical employees have introduced a particular emphasis on team and individual achievements being essential to earn the profits out of which higher levels of remuneration can be paid.

It is worth mentioning the special attention that is now being given to company wide profit-sharing schemes which provide bonuses in the form of shares in the employing company. This form of financial participation for which, under certain conditions, tax relief is provided under the 1978 Finance Act, is forming an integral part of company participation policies which are concerned with profit growth in the first instance leading to employees having a stake in the company's investment programme and its future strength and profitability.

It is therefore a case of giving encouragement to all parties involved in industry to take appropriate steps to restore or maintain individual or corporate incentives for increased efficiency and profitability.

Richard T. Greenhill.
Cockman Copeman and Partners. 178, Temple Chambers, Temple Avenue, EC4.

Today's Events

GENERAL

Cabinet meets for first time since the Parliamentary recess.

Middle East summit continues at Camp David, Maryland.

TUC annual conference continues, Brighton.

British trade union leaders meet in Brighton to consider Peugeot-Citroen's "unsatisfactory response" to their request for talks on its proposed take-over of Chrysler's European operations.

Group of Ten deputies start two-day meeting in Paris in preparation for forthcoming meetings of International Monetary Fund and World Bank.

EEC Monetary Committee ends two-day meeting, Brussels.

U.S. and Soviet officials begin two-day meeting in Moscow to prepare for strategic arms limitation talks (SALT) later this month in Washington between Mr. Andrei Gromyko, Soviet Foreign Minister, and Mr. Cyrus Vance, U.S. Secretary of State.

Mr. Denis Healey, Chancellor of the Exchequer, addresses Plymouth Labour Party meeting.

Mrs. Margaret Thatcher, Conservative Party leader, starts tour of key seats in West Midlands.

Mr. George Rallis, Greek Foreign Minister, continues trade talks in Moscow.

Sig. Guilio Andreotti, Italian Prime Minister, ends two-day official visit to Spain.

International Air Show continues, Farnborough (until September 10).

OFFICIAL STATISTICS

Department of Trade survey of short-term exports (12th survey, July). Provisional figures of vehicle production (August).

COMPANY RESULTS

Final dividends: Assam Investments; British Electric Traction. Interim dividends: Abbey Panels; British Petroleum; Cadbury Schweppes; Collins (William) and Sons (Hldg.); Costain (Richard); Dutton-Forshaw Group; Friedland Doggart Group; Gibbons Dudley; Imperial Chemical Industries; London and European Group; Sharna Ware; Sharpe and Fisher; Woodward (H.) and Son. Interim figures only: Mole (M.) and Son; Royal Bank of Canada.

COMPANY MEETINGS

Allnatt London Properties, 100, Old Broad Street, E.C., 12. Birmingham Mint, Birmingham, 12. Bishopsgate Property and General Investments, 41, Bishopsgate, E.C., 3.30. Cawdaw Industrial Holdings, Manchester, 12. Cawoods, Harrogate, 12. Daejan, Connaught Rooms, W.C., 12. HAT, Wrighton, Avon, 12. Heron Motor, White House, N.W., 12. Hicking Pentecost, Nottingham, 12. Kinta Kellas Rubber Estates, 1-4, Great Tower Street, E.C., 12. Wellman Engineering Corpn., 25, Wilton Road, S.W., 12.15.

COMPANY NEWS

Bulk shipping drags P & O down to losses at midway

FOLLOWING the warnings given in June of deteriorating trading conditions, Peninsular and Oriental Steam Navigation Co. have turned in sharply reduced profits for the first half of 1978—down from £26.9m to £1.12m pre-tax and at the net level, there is a loss of £3.49m against profits of £18.55m in the same period last year.

Earnings per £1 deferred stock are shown to be down from 12.1p to a loss of 2.3p.

The interim dividend is being held at 3p per deferred share—last year's total was 6.54228p on a pre-tax profit of £42.78m.

Gross revenue from outside the group in the six months improved from £468.29m to £524.97m but the operating result was reduced from £41.34m to £18.11m and pre-tax profit is struck after net interest payable up from £14.4m to £16.98m.

A breakdown of profit before interest and tax of £18.1m (£41.34m) shows bulk shipping loss (in £m) 5.4 (1.1 profit); general cargo, 9.0 (21.8); passenger, 2.8 (0.2); European transport and agency services, 2.7 (4.0); energy loss 1.8 (0.8 profit); Bovis, 4.3 (6.1); P. and O. property, 2.2 (2.1); U.K. banking, 0.4 (0.5); Australia, 3.2 (4.0) and other overseas, 0.7 (same).

Intensified pressure on deep-sea shipping activities resulted in the bulk shipping division, the general cargo division and their associated companies showing together an 84 per cent or £19.3m reduction in profit compared with the 1977 first-half, the directors state.

Lord Inchcape, chairman of P and O . . cruse operations and Bovis relieve the pressure in a dismal trading period.

Bovis, the construction division, after adjusting for the expectional claim of £5.0m received in the first half of last year, and P and O Cruises took advantage of better trading conditions to return improved results while the other divisions taken together produced profits only slightly down on the corresponding 1977 period, they add.

Cruising, the European and Air Transport division and Bovis are expected to benefit from seasonal factors in the second half of this year while property, banking and insurance should also increase contributions, the directors state.

Conditions in the deep-sea trades are showing tentative signs of having stabilised, although at unsatisfactory levels, but without as yet any indication of a sustained upturn, they add.

Conscious of the need for resolute action in the difficult conditions which are foreseen the Board has appointed Lord Inchcape, the present chairman, to be executive chairman and chief executive of the company. This will free Mr. A. B. Marshall, managing director, to supervise and co-ordinate operations.

	Six months to 1978 £000	1977 £000
External revenue	524.967	468.294
Depreciation	21.446	19.282
Operating result*	17.078	29.335
Associates share	1.029	11.809
Making	18.103	41.344
Interest	16.982	14.435
Profit before tax	1.123	26.909
UK Tax	2.090	2.004
Overseas tax	1.700	5.244
Associates tax	826	1.113
Net loss	3.493	†18.548
Minorities	255	1.404
Exchange loss	1.396	715
Extraord. credit	161	‡1.278
Attributable loss	4.463	†15.155
Preference dividend	59	59
Interim dividend	4.239	4.239
From reserves	8.761	§10.855

* Includes profit on sale of ships £1.13m (£1,099m). † Profit ‡ Debit § To reserves.

See Lex

Portals expands 17% to £4m

SIGNIFICANT increases in profit from water treatment and engineering, where margins were higher due in part to the incidence of long term contract completions, enabled Portals Holdings to advance taxable earnings for the first half of 1978 by 17 per cent from £3.51m to £4.11m.

There was little change in the performance of papermaking and external group turnover showed only restricted growth to £37.67m (£36.18m) but the order book, particularly from overseas markets has been expanded, the directors point out.

Overall the make-up of the half-year surplus reflects the pattern foreseen for 1978 as a whole. Group liquid resources remain very strong although since half-time the company has, as known, acquired a 98 per cent interest in Sulby Engineering Development Co., makers of book binding equipment, for £2.06m cash.

First half tax took £2.16m (£1.81m) leaving earnings per 25p share ahead at 11.22p (10.16p basic or 10.72p (9.72p) fully diluted. The net interim dividend is raised to 3.85p (3.5p). Last time a 4.287p final was paid from record profit of £8.68m.

As predicted in May the bank note and security papermaking division is finding itself hard pressed to maintain profits. The midyear figure at the trading level was marginally down at £2.24m, against £2.44m. Additionally the result was affected by industrial disputes at two of the division's largest customers which constrained output.

	Half year 1978 £	1977 £	Year 1977 £
External sales	37.663	36.183	77.389
Papermaking	11.716	12.065	22.750
Water treat., eng.	27.392	25.811	57.323
Property	358	284	961
Intergroup rents	2.151	2.077	7.904
Trading profit	4.314	3.693	9.053
Papermaking	2.242	2.438	5.179
Water treat., eng.	1.728	959	2.298
Property	314	288	576
Unallocated costs*	207	183	377
Pre-tax profit	4.111	3.510	8.676
Tax	2.156	1.807	4.331
Minorities	73	15	38
Ion Exchange†	—	36	77
Pref. dividends	16	16	32
Attributable	1.906	1.725	4.112

* Including interest on loan stock. † Net profit attributable.

● comment

Portals' first-half figures confirm the trends shown since mid-1977—substantial profits growth for the group's water treatment and engineering divisions alongside a stagnant performance from the papermaking concern. Water treatment contracting continues to show a particular improvement, especially on the export side as spending by UK water authorities is still relatively low. Around half the company's total business is now done abroad. The banknote side is unlikely to show much earnings growth at present with central banks continuing to economise on the issue of new notes and inflation generally lower than for some time. On unchanged profits from this division the group as a whole can look for pre-tax profits of £9.5m to £10m this year against the 1977 figure of £8.7m. At present the order book suggests the water and engineering divisions should continue their present growth into 1979. The shares, down 2p at 238p, stand on a prospective yield of 5.5 per cent and a p/e of 9 on a full tax charge.

HIGHLIGHTS

Lex discusses the profits slump and management changes at P and O. There are three major composite insurance companies producing interim figures and Lex looks at the varying impact of exceptional storm and fire damage on these figures. Meanwhile Guinness Peat's full year results are as expected with attributable profits up from £6.2m to £7.9m. Elsewhere Wagon Finance has come through with good halfyear figures but it is sounding warning bells for the second half. Portals' continues to show growth from its engineering and water treatment divisions, while Hepworth Ceramic's latest figures show profits growth of 16 per cent. The full year results from Group Lotus confirm that the company is climbing back after some very difficult years, and Cosalt has produced a flat first half performance.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Movitex		0.5††	Oct. 9	Nil	0.5	Nil
Executex Clothes	int.	1	—	Nil	—	Nil
Morris & Blakey	int.	1.75	Dec. 29	1.75	—	4.11
Phoenix Assurance	int.	5.11	Jan. 2	4.58	—	10.35‖
Bertram Cons.	int.	3.5	Sept. 29	3.5	3.5	3.5
Newbold & Burton	int.	1.34	Oct. 24	1.19	—	2.79
L.K. Industrial	int.	1.45	Jan. 2	1.3	—	2.6
Hepworth Ceramic		1.75**	Nov. 17	1.55	—	3.3
Guinness Peat		6	Oct. 30	6.45	10.25	9.95
Guardian Royal	int.	4.66	Jan. 6	4.24	—	10.17¶
Rotork	int.	0.65	Nov. 3	0.59*	—	1.19*
Sun Alliance	int.	11	Jan. 5	10	—	20.15§
P. & O.	int.	3	Jan. 4	3	—	6.54
Rowton Hotels	int.	2.74	Oct. 30	2.46	—	6.26
Wagon Finance	int.	0.63	Oct. 27	0.63*	—	2.06*
Cosalt	int.	1†	Jan. 4	0.87	—‡	2.03
Travis & Arnold	int.	0.77	Nov. 1	0.69	—	3.81
Fairbairn Lawson	int.	2	Oct. 27	1	—	3.63
I. J. Dewhirst	int.	0.5	Nov. 23	0.45*	—	1.32*
Portals Holdings	int.	3.85	Dec. 29	3.5	—	7.79

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 1.2894p final forecast. § Includes 0.154p for 1977. ¶ Includes 0.08985p for 1977. ‖ Includes 0.088p for 1977. ** Additional 0.02632p in respect of 1977. †† Gross payment.

Guinness Peat goes ahead to over £11m

DESPITE A downturn in associates' earnings from £2.76m to £2.19m, profits before tax of Guinness Peat Group advanced by £2m to £11.07m for the year ended April 30, 1978. Turnover, comprising sales, brokerage and fee income, was higher at £444.73m against £359.92m.

Profits within the group's trading divisions rose by over 40 per cent and disclosed profits in the banking division by 33 per cent to £1.6m. However, earnings from the group's main associates, Linfood Holdings and Esperanza Trade and Transport significantly declined in the year.

In January, in their interim report, the directors said that results to date were comfortably ahead of those of the previous year's same period.

They now report that substantial progress was made in all divisions, particularly in Guinness Peat International which is steadily gaining ground and establishing new products throughout the world. The group's chemical division has been strengthened by the acquisition of Willows Francis.

The group continues to trade at an encouraging level and is proceeding with an organic expansion programme of its basic activities. The directors maintain their confidence in the future potential of the group and its main associates, but say that at this point they can give no forecast as to the outcome of the current year.

Attributable profits for 1977-78 rose from £6.27m to £7.95m, after tax of £4.46m (£3.91m), disclosed banking profits and minorities.

Tax was split as to: UK currently payable, £0.29m (£1.57m); deferred, £2.19m (£1.07m); and overseas, £1.98m (£1.27m). The directors say it was no longer considered necessary to provide further deferred tax in certain subsidiaries which partly accounts for the reduction in tax charge from 43 per cent to 40.3 per cent.

Earnings per 25p share are 24.32p (20.06p) and the dividend total is raised from 9.93205p to the maximum permitted 10.25p, absorbing £3.76m (£2.99m), with a final of 6p.

In line with current practice, the directors have decided to write off part of the goodwill shown in the balance sheet. This will mean that the total extraordinary write off will be much greater than usual, amounting to £1,635,000, of which £1,016,000 will represent goodwill.

The balance includes losses of exchange on a Swiss franc loan raised in connection with an acquisition some years ago, which has now been fully repaid. It also includes the terminal costs of two subsidiaries which no longer fit within the framework of the group's activities.

See Lex

Executex pays 1p interim

Despite turnover of Executex Clothes falling from £614,041 to £508,977 in the first half of 1978, profit for the period advanced from £32,496 to £85,125. Again there is no tax charge.

The directors say orders on hand are satisfactory and net profit for the second half is expected to exceed that of the first. For the last full year profits totalled £80,000.

Earnings per 20p share are stated at 6.19p (2.36p) and rejoining the dividend list the interim is 1p (nil) net. The payment has been waived on 633,724 shares. A maximum permitted final is forecast.

During the period, interim payments of £250,000 in respect of consequential loss have been agreed with the company's insurers, following the fire at the Blantyre factory in 1977.

This factory is steadily being restored to the pre-fire levels of productivity.

Tebbitt development agreement

The directors of Tebbitt Group announce that it has reached an agreement with Keydon Estates, a wholly owned subsidiary of Ebury Moreton, for the development of a vacant building site owned by the group at 207-217 Pentonville Road and 6 Lorenzo Street, Islington, valued at £122,000.

Tebbitt will be paid £90,000 cash on completion together with £42,000 on planning permission for office accommodation being granted and in addition will receive 10 per cent of the profit of this development. The two companies will be working closely together to achieve a successful outcome.

Proceeds of this disposal will be used to reduce bank borrowings and to give additional working capital to the operating companies, say the directors.

This agreement gives the group the opportunity to improve its liquidity and also enables it to retain an equity interest in the property, they add.

LONRHO

Lonrho announces that in view of the requirement by the Johannesburg Stock Exchange that the effective record date for dividends should be established as a Friday, it will be necessary to suspend the facility for transferring shares between the London and Johannesburg registers with effect from October 4 (the day after the record date for the interim dividend) until October 6, both dates inclusive.

Sun Alliance slumps £10m at midyear after heavy UK claims

REFLECTING VERY heavy claims in the UK in the early part of the year fire, accident and marine underwriting at Sun Alliance and London Insurance fell from £2.8m surplus to a £10.5m loss slicing taxable profit for the first half of 1978 from £30.4m to £20.7m.

There was a total underwriting loss of £6.9m on home business which was more than accounted for by the abnormal weather claims, estimated at £6.5m, and exceptional fire losses. The home personal account was particularly unprofitable and the home motor account also showed an underwriting loss with an increase in claims frequency the directors say.

Profitable results were obtained in Australia and the U.S. but these were outweighed by underwriting losses incurred in several European countries.

The marine account for 1976, to be closed at the end of this year, is expected to show a modest profit but at this stage no transfer has been made to profit and loss account.

An analysis of new life and annuity business shows sums assured £355m (£299.4m); annuities per annum £29.6m (£14.5m); annual premiums £8.6m (£6.5m); and single premiums 4.9m (£2.8m).

The net interim dividend is raised to 11p (10p) per £1 share and an additional 0.154p is to be paid in respect of 1977 following the change in tax rate, bringing the total for last year to 20.154p paid from record profit of £57.2m.

	Half-year 1978 £m	1977 £m	Year 1977 £m
Premium income*	268.2	241.7	465.
Underwriting loss*	10.5	†2.8	[illegible]
Long-term insur. profit	1.4	1.1	[illegible]
Investment income‡	29.7	26.4	[illegible]
Other income	0.1	0.1	[illegible]
Pre-tax profit	20.7	30.4	[illegible]
Tax	9.0	14.4	[illegible]
Net profit	11.7	16.0	31.
To minorities	0.1	0.1	[illegible]
Attributable	11.6	15.9	31.

* On fire, accident and marine. † Profit ‡ After deducting loan stock interest.

See Lex

Investments lift GRE by £3m

INCREASED INVESTMENT income from £31.3m to £35.8m enabled Guardian Royal Exchange Assurance to expand taxable profit from the first half of 1978 by £3m to £29.3m despite a higher underwriting loss of £6.1m, against £4.3m last time.

Premiums written for fire accident and marine business moved ahead from £312.5m to £331.3m and in the life business new sums assured reached £1.29bn compared with £1bn. Exchange movements depressed premium income by £4.6m and investment income by £1.1m.

Long-term profits, excluding the South African results this time, were maintained at £2.6m and interest took £3m (£3.3m).

In the UK the second quarter underwriting was profitable after a poor start to the year caused by adverse weather and the fireman's strike. At halfway the loss was down at £2.8m (£3.7m) but in Germany the loss rose to £3.7m (£2.5m) and underwritings results in Holland also continued to be poor. Corrective measures have now been taken but have not had time to be effective, the directors state.

Anti-inflation regulations restrained profits in Canada and there was a lower result in Australia because of very keen competition.

Mr. J. E. H. (John) Collins, chairman Guardian Royal Exchange Assurance . . . UK underwriting becomes profitable in second three months.

Brazil, Hong Kong and departments writing overseas risk from London made good profits and in other areas, no material change occurred.

Life business continued to develop well and despite changes in the company's South African organisation life profits were maintained. The proposed changes in SA are not expected to have any material effect on overall profits in the current year as the removal of the 1978 life profit there will be offset by the short term business now directly written in that country.

An analysis of life business excluding SA, shows in £m: new sums assured £1,292.5 (£1,0[illegible]); new annuities per annum [illegible] (£22.5); new annual premiums £12.8 (£11.8); and new single premiums £6.5 (£8.3).

The net interim dividend increased to 4.6585p (4.235p) and costs £5.9m (£5.3m) and an additional 0.08985p is to be paid in respect of 1977 following the tax rate change. This brings the total to 10.16545p for 1977 when profit was £58.8m.

After tax and minorities amounting to £14.6m (£13m) half time attributable surplus came out at £14.7m (£13.3m).

Investment income was split: to Australia £1.7m (£1.6m); Canada £2.4m (£2.7m); Germany £7m (£5.3m) and UK and elsewhere £21.7m (£18.4m).

See Lex

Adverse currency movements hit Phoeni

THOUGH FIRE accident, marine and aviation underwriting recovered from a £100,000 deficit to a £700,000 surplus in the U.S. and remained profitable in Canada, overall the loss on this business at Phoenix Assurance in the first half of 1978 rose from £300,000 to £2.8m. With investment income up from £17.1m to £19.5m and long term underwriting profit held at £0.9m the company's half-year taxable earnings were marginally down at £17m, compared with £17.2m last time.

Net premium written in fire, accident, marine and aviation were slightly up at £175.4m (£174.6m). After adjustment for the effect of currency fluctuations and the non consolidation of a former subsidiary the directors say the premium increase was 7.1 per cent.

Without currency movements the advance in investment income would have been 23.5 per cent instead of the 14 per cent reported, they point out.

The figures also hide the progress in general underwriting in the second quarter after the loss reached £2.9m at the end of the first three months. The UK fire and accident business improved on the first quarter but still made a small loss, the directors state.

In Australia pressures on rate levels produced an adverse underwriting result and there was a loss in Europe but elsewhere overseas business was generally profitable they say.

Stated earnings per 25p share were ahead by 0.5p to 16.1p. The net interim dividend is raised to 5.112p (4.578p) and a supplementary interim dividend of 0.088p is to paid following the change in the rate of ACT. The cost of the dividends is £3.1m (£2.8m).

The total payment for 1977 therefore becomes 10.348p. Profit last year was a recrod £35.9m.

With tax for the six months taking £6m (£6.7m) and minorities £1.3m (£1.2m), attributable net profit emerged at £9.7m (£9.3m).

New long term business was split as to: sums assured £925m (£557m), annuities £7.2m (£6m), annual premiums £7.7 (£5.2m) and single premiums £10.1m (£1.8m)

See Lex

Cement price rise approved

Following its call for permission to raise the price of cement, Cement Roadstone stated yesterday that the Irish authorities have approved a 5.66 per cent increase effective from September 5, 197[illegible]. After refusal of a 7.9 per cent rise applied for in January, the company had recently been seeking 10.9 per cent increase.

The directors, as known, said last week that delay in granting a price increase already meant that results of the group's cement companies would be quite inadequate in the second half. Group profits were up 34.9 per cent at £8.9m in the half-year to July 12, 1978.

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Tel: 01-638 3833 24 hours

UNIVERSITY OF NAIROBI —KENYA

Applications are invited for the post of LECTURER IN THE DEPARTMENT OF ACCOUNTING.

Applicants should have at least a Master's degree with either Accounting or Finance as a major subject and, preferably, professional qualifications in accounting. Teaching experience at University level would be an advantage. Salary: Lecturer K2910-K3312 p.a. (K£1=1.39 sterling). The British Government may supplement salary by £3756-£4200 p.a. (sterling) for married appointee or £2430-£2700 p.a. (sterling) for single appointee (reviewed annually and normally free of all tax) and provide children's education allowances and holiday visit passages. Family passages; SSSF or FSSU; non-contributory medical scheme; subsidised housing or housing allowance. Detailed applications (2 copies) with curriculum vitae and naming 3 referees to be sent direct to Registrar (Recruitment and Training), University of Nairobi, PO Box 30197, Nairobi, Kenya, by 11 October 1978. Applicants resident in the U.K. should also send one copy to Inter-University Council, 90/91 Tottenham Court Road, London W1P 0DT. Further details may be obtained from either address.

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require

Head of Accounts/Office Manager

with sound knowledge of Computer Accounting. Salary by negotiation.

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THE ELLERMAN GROUP
GROUP TAXATION MANAGER

THE GROUP

The Ellerman Group, which is based in the City, has major interests in Shipping, Travel and Leisure, Brewing and Insurance.

THE JOB

Reporting to the Group Finance Director, the Taxation Manager will form part of the top corporate finance team and will head a small department involved in all aspects of tax planning and compliance across the whole range of the Group's activities. There will also be close involvement with development and capital investment programmes.

THE PERSON

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- have a degree and/or professional qualification in taxation or accountancy
- have experience of taxation planning and compliance work at corporate level in a large and diverse commercial organisation; or at senior level in a merchant bank or professional organisation.
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ELLERMAN

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Candidates must be qualified accountants, probably aged 35 to 45, with a proven record of success in financial management. This must have included an extensive period in manufacturing industry with companies that operate on a contract basis and use advanced cost control systems. Previous experience of Government contract accounting, whilst not essential, would be an advantage. They must also be capable of exercising sound business judgement and have the personal skills to integrate effectively into a strong and successful management team.

Candidates should either submit a detailed C.V. or write to Ronald Vaughan A.C.M.A. quoting reference 2222 requesting a personal history form. Applicants' identities will not be disclosed without their permission.

Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
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DLA

EXECUTIVE ASSISTANT TO GROUP MANAGING DIRECTOR

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Following internal promotion, there is a need for an experienced accountant with general management aspirations to co-ordinate the total business activities of the weekly newspaper, commercial printing and information system companies within the group. Reporting directly to the Group Managing Director, the successful candidate will work closely with the individual Managing Directors of six separate profit centres based in the North-West, London and Pittsburgh, U.S.A. He will cover day-to-day management problems, financial planning and control systems, new business development and corporate strategy.

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Please apply in writing with full career and personal details to:—

**Personnel and Training Manager,
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£7,000-£8,000 range

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A University education in economics or finance followed by two or three years in the corporate finance or corporate planning department of a large company is the minimum essential requirement. Responsibilities will include monitoring of capital expenditure, long and short term planning and financing, financial modelling and analysis of trends and variances and their impact on trading and profit etc.

Applications in confidence quoting ref: 6255 to E. C. Smith, Mervyn Hughes Group, 2/3 Cursitor Street, London EC4A 1NE. Tel: 01-404 5801 (24 hours).

Mervyn Hughes Group
Management Recruitment Consultants

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We currently have well in excess of one hundred vacancies located throughout the UK with major finance companies who are seeking finance house trained personnel (either sex) with business development experience in consumer and/or industrial finance. The most urgent vacancies are listed below and in addition to salary, offer an attractive range of fringe benefits.

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Please telephone for an application form to Sally Toffs or write with full career details to: Leslie M. Squires, Managing Director. All replies will be treated in the strictest confidence.

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Candidates, male or female, must be French citizens, fluent in both French and English, with 5 to 7 years' international commercial bank lending experience, some of which would ideally have been gained in France. A comprehensive knowledge of French market practice is essential and experience of French Export financing could be beneficial.

Salary is competitive, appropriate to the seniority of the position, and there is a generous benefits package.

Please send a comprehensive C.V., including any companies with whom this should not be discussed, or telephone (01-629 1844 at any time) for a Personal History Form.
D. M. Watkins ref. B.1018.

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Our client is a large US insurance group with world wide interests. Expansion necessitates the appointment of a Resident Auditor — Europe to conduct financial and operational audits of the company's UK & continental offices and subsidiaries.

The post will report to the Assistant General Auditor responsible for the property/casualty section. The duties will include development and maintenance of audit programmes; ensuring compliance with company policy and procedures; appraisal of internal controls; and recommending improvements for revenue increasing and cost reduction plans.

Candidates will be chartered accountants or equivalent, probably with a degree in business studies or economics, and have had up to 5 years post qualification auditing experience with financially orientated companies. The post requires a high level of analytical and critical skill coupled with an ability to operate at all management levels. Fluency in a European language in addition to English is highly desirable.

Location is flexible, and the remuneration package will be arranged according to individual circumstances.

Please reply in confidence giving concise personal and career details, quoting Ref. T886/FT to J. D. Atcherley,

AYMS — Arthur Young Management Services
Rolls House, 7, Rolls Buildings
Fetter Lane, London EC4A 1NL

Commercial Accountant

West Midlands — **circa £6,500 p.a.**

Our client, an autonomous group within a major UK international organisation, has a vacancy for a Commercial Accountant to be based at its Head Office.

The successful applicant will be responsible to the Chief Accountant for export documentation, sales ledger, credit control both home and export, data entry, wages and insurance. He or she will additionally be required to carry out ad hoc financial exercises.

Applications are invited from qualified Accountants who are, ideally, in their early 30's. Preference will be given to candidates who have previous relevant experience in a manufacturing company. The company can offer excellent career opportunities and an attractive remuneration package.

Applications, together with full CV, salary progression and career objectives, should be forwarded to Position Number ASC 6961, Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

Company Secretary — London

The fast developing UK subsidiary of the major French chemical company, Rhone Poulenc at present employing about 70 people in their London office, is looking for a Company Secretary.

Reporting to the Managing Director, you will, in addition to legal and administrative matters, have overall responsibility for the accounts, shipping and personnel departments. You will also be responsible for preparing board meetings and for liaison with the central administration of the group in France for legal and financial affairs.

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FINANCIAL CONTROLLER

Financial Controller required by a Group of Private Companies in Essex engaged in the wholesale and retail meat trade.

This new post involves the preparation of monthly management accounts and annual accounts together with the supervision of all accounting and related administration functions. The commencing salary envisaged is circa £6,500 p.a. A company car will be provided and there will be participation in the Company Pension Scheme after a probationary period.

Please write with full personal details and C.V. to C.H.C., Rumford Chambers, 33 Market Place, Romford, Essex RM1 3AB, reference P.M.

ACCOUNTANT
WITH EXPERIENCE IN EUROBOND MARKET

Eurobond Brokers require accountant with experience in Euro-Bond Market for newly established U.K. brokers. Must have extensive experience of U.K. Exchange Control Regulations. Salary by arrangement.

Apply Box A.6464, Financial Times, 10, Cannon Street, EC4P 4BY.

Hepworth Ceramic £2m ahead midway, despite difficulties

GROWTH of Hepworth Ceramic Holdings was held back in the first half of 1978 and pre-tax profits finished the period some £2.07m ahead at £14.88m.

Mr. Peter Goodall, chairman, reports that the six-months under review had their difficulties and what little added momentum there was in the private house building sector was very much more than offset by the worsening of the deep-seated recession in the steel industry which is a worldwide recession and has now gone on for four years.

He says that he does not see the general trading situation improving to any great extent in the remainder of this year.

	Six months 1978 £000	Six months 1977 £000
Turnover	123,541	106,503
Trading profit	15,502	13,337
Share of assoc. loss	20	*37
Interest less inv. inc.	603	567
Depreciation	3,997	3,543
Profit before tax	14,880	12,807
Tax	6,302	5,622
Net profit	8,078	7,185
Exchange losses	56	†1
Attributable	8,623	7,156

* Profit. † Gains.

In addition, there was an industrial dispute lasting some seven weeks in the Hepworth Iron Company, mainly confined to the Hazlehead Works, and this had some effect on the results in the first half. The dispute, which is now settled, will also have affected the results for the current half year, "although we shall make every effort to recover the position."

First half earnings per 25p share are stated at 6.9p (6.4p) and the interim dividend is stepped up from 1.55p to 1.75p net at a cost of £2.24m (£1.95). A further 0.02652p has been declared to take account of the change in ACT in 1977. Last year's total payment was 3.3p from profits of £26.72m.

Results for the six months ended June 30, 1977 have been restated to reflect the changes in accounting policy for deferred taxation and the revised presentation of differences on translation of foreign currencies effected in the accounts for the full year.

● comment

Hepworth's growth in the last three years *has* been distinctly impressive and now pre-tax profits and sales are a further 16 per cent ahead. The company will not reveal how much the strike cost in the first half but with some recovery in the second six months full year profits of £29m-£30m look possible. The big problem at the moment is depressed world demand for refractories—in the past exports have helped counter a dull UK performance. However, the group's historically smaller but expanding plastics and industrial sands divisions have made increased profits and should continue to grow in the current period. Plastics in particular, have been helped by the private housebuilding and DIY pick-up. *Clayware, meanwhile,* which was outstanding last year, should be helped by high demand, impressive margins and the U.S. acquisition Dickie Clay—this company has scored well against competitors by stocking up in the traditionally quieter winter months when the American construction industry closes down. At 94½p the shares are on a prospective P/E of 7.0 and a yield of 5.8 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Abbey Panels, British Petroleum, Cadbury Schweppes, William Collins, Richard Costain, General Mining and Finance Corporation, Gibbons Dudley, Imperial Chemical Industries, London and European Group, Provincial Laundries, Sharna Ware, Sharpe and Fisher, Wilson (Connolly), H. Woodward.

Finals—Assam Investments, British Electric Traction, S. Casket.

FUTURE DATES

Interims—	
Banro Consolidated Industries	Sept. 12
Black and Edgington	Sept. 13
Breedon and Cloud Hill Lime Works	Sept. 15
Cape Industries	Oct. 5
E. C. Cases	Sept. 11
Evered	Sept. 11
Fisher (James)	Sept. 11
Home Charm	Sept. 14
Jones (A. A.) and Shipman	Sept. 13
Richards and Wallington Industries	Sept. 14
Vickers	Sept. 28
Finals—	
Berali Tin and Wolfram	Sept. 14
HTV	Sept. 28
Staffordshire Potteries	Sept. 12
Tor Investment Trust	Sept. 11

Wagon Finance £1.3m midyear

ALTHOUGH pre-tax profits of Wagon Finance Corporation rose by £491,744 to £1,307,465 in the *first half of 1978, at present rates,* higher interest charges are *expected in the second half* and the directors say they do not expect the first half profit increase to be reflected in results for the full year.

With lower rates prevailing for most of the first half, interest charges were nearly £300,000 lower despite higher borrowing to finance expansion of business.

However, despite these fluctuations, Mr. S. M. de Bartolome reports that the underlying business is going ahead well and that amounts advanced under new credit agreements were 31 per cent up in the first half. At June 30 the group's instalment balances, before deducting unearned finance charges, amounted to a record £43.9m.

Earnings per 25p share are shown to have risen from 1.88p *to 2.5p at halfway and the net* interim dividend is effectively held at 0.625p. Last year's *total* payment was equivalent to 2.0625p from taxable profits of £2.15m.

	Half-year 1978 £	Half-year 1977 £
Turnover	5,174,739	4,564,577
Trading profit	2,455,207	2,255,332
Interest payable	1,147,742	1,439,611
Profit before tax	1,307,465	815,721
Tax	727,286	432,008
Profit after tax	580,179	383,713
Dividends	144,985	123,812
Retained	435,194	259,901

● comment

Wagon Finance has taken care that shareholders should not draw the wrong conclusions from the 60 per cent leap in its first half profits, and has left its interim *dividend unchanged to reinforce* the message. The current six months *may* show a downturn following pre-tax profits of £1.3m in each of the *last two half-years* when interest rates were at their lowest and the company's margins high. However, the outlook for turnover is promising as the consumer boom in the UK is keeping instalment credit *business strong. The company* is still overwhelmingly concerned with the buoyant motor vehicle *and motor-cycle markets,* which account for 87 per cent of its credits. The shares at 44p, yield 8 per cent on the assumption that the final dividend gives a 10 per cent rise in the year's overall pay-out.

Fairbairn Lawson £0.75m in first half

RESULTS OF Fairbairn Lawson for the first half of 1978 are close to plan at £747,000 pre-tax and the board is looking for the profit improvement—3.6 per cent and 20.3 per cent over the first and second halves of 1977 respectively —to contiue in the second six months.

Turnover advanced from £6.89m to £8.78m, including a contribution from the Westwood Group acquired in January this year.

Tax charge is £191,000 (£105,000) giving earnings per share of 4.84p against 6.34p.

At the time of the Westwood *acquisition, a total dividend of* 5p was forecast for the current year.

Sir John Lawson, chairman, now says trading conditions and results experienced continue to be in line with forecast and Treasury approval has been received to implement the dividend policy "on the understanding that the current regulations are still in force when we recommend our final dividend."

	Six months 1978 £000	Six months 1977 £000
External turnover	8,776	6,891
Trading profit	842	773
Interest	95	51
Profit before tax	747	722
Tax	191	105
Net profit	556	616
Preference dividends	1	1
Ordinary dividends	231	97

Under these circumstances and in view of the reduction in ACT, the interim dividend is doubled to 2p and the chairman reiterates the commitment to achieve earn*ings in the second half which* will support payment of a 3.0757p final.

In 1977 a total dividend of 3.6466p was paid on pre-tax profits of £1.34m.

The capital goods division sales increased in the half year and a significant element of this has been in sales generated by investment in development expenditure. However, the contribution of this division as a percentage of total group sales has fallen to 50.3 per cent compared with 62.5 per cent and 53.2 per cent in the first and second halves of 1977.

There is under-utilised capacity in this division and working capital requirements have steadily increased under the severe market recession.

Filtration and fluid control has grown materially following the Westwood acquisition and will continue to benefit in the second half not only from Westwoods but also from the acquisition of Bolton's Superheater and Pipe Works and Stockport Engineering Company.

There has been further substantial growth in office furniture following the acquisition of Kasparians. Sales and earnings have shown a satisfactory improvement over both the first and second half of 1977.

Packaging division sales are up over the first half of 1977 but are slightly down on the second half of that year. However, earnings have shown a steady increase over the first and second halves of 1977.

This division has not made the progress it *anticipated* in its new product development, the expenditure on which is written off as incurred, but its existing products have done well in the marketplace and have stabilised sales volume and earnings, the chairman says.

In property, progress in letting continues to be satisfactory and the property has been substantially filled. Income from third parties accounted for 61.9 per cent of total rents compared with 47.3 per cent and 53.4 per cent *respectively over the first and* second halves of 1977.

The directors are concerned about the value of a part of the investments shown in the balance sheet at £337,000. The unquoted investment in Ausack in Australia represents £132,000 of that total or 1.14p per share. A receiver has been appointed, and directors are currently negotiating to protect their interests.

As a result of the acquisition of Bolton's Superheater and Stockport Engineering it is intended to incorporate the surplus arising from the revaluation of their freehold property at the year end. This gain is expected to be £165,000 or 1.43p per share.

Bertam declines to £0.59m.

Pre-tax profits of Bertam Consolidated Rubber Co. fell from £651,484 to £585,690 in the year to March 31, 1979. Rubber sales were lower at £1.42m against £1.57m and income from Australian farming declined from £14,187 to £7,499.

The interim dividend in lieu of final is maintained at 3.5p net on earnings of 6.9p (7.11p) per 10p share.

After tax of £310,882 (£367,204) the attributable balance emerges at £287,833 (£265,160).

Newbold Burton well ahead

PROFITS of Newbold and Burton Holdings, ladies' footwear maker, show a 35 per cent improvement to £219,000 in the first half of 1978, on turnover up 25 per cent to £4.48m. With excellent order books and higher production levels, the directors are very confident for the second six months.

The interim dividend is raised from 1.1979p to 1.387655p per 25p share—last year's total was 2.7951p from pre-tax profits of £468,000.

Tax charge in the first half is £114,000 against £83,000 leaving net profits at £105,000 compared with £76,000. The interim dividend absorbs £40,000 (£36,000).

Steadily increasing turnover means that the present borrowing limit of £800,000 is restrictive, the directors say. They propose to alter the articles to enable borrowing in aggregate up to the total of the issued capital plus reserves.

Based on the 1977 accounts, this would increase the borrowing limit to about £1.5m.

Movitex back to dividends

Following the first half recovery from a £32,000 loss to profits of £60,000 and a further improvement in the third quarter, *Movitex,* plastic and specialised engineer, reports pre-tax profits up from £24,309 to £101,364 in the year ended February 28, 1978. Turnover is £2.63m against £2.35m.

After a three-year absence, the group is returning to dividends with a single payment of 0.5p gross per 10p share. Earnings per share are shown at 0.799p compared with a loss of 0.026p.

Tax charge is £60,800 (£20,879) and there are extraordinary debits of £4,840 (£81,530 credit). Attributable profits are £30,977, against £80,369 after minorities, £4,747 (£4,591).

Caravans protect Cosalt's progress

DESPITE LESS than buoyant demand generally, the caravan division of Cosalt expanded trading profit from £638,000 to £794,000 offsetting declines in ships' chandlery and other activities, for the group to reach the half year to July 2, 1978, with taxable earnings £49,000 better at £1.3m.

Sales by the group were up £2.92m to £14.8m with the export content at £3.89m (£3.44m).

Overall it is too early to forecast the full-time performance but the results indicate another good year for the company as expected, says Mr. John Ross, the chairman. In 1977-78 profit was a record £2.61m.

At the time of the one-for-two scrip issue in January the directors said that, if possible, the net dividend *would* be maintained at 3.0753p per 25p share. Recent legislation prevents this and the maximum allowed now would be 2.2894p (equivalent 2.0502p). This is to be paid as to 1p (0.8667p) as the interim with the balance as the final. Should the position change then the final would be reviewed accordingly the directors explain.

The *ship* chandlery division made good progress in export markets and in certain branches but there was a fall in demand from some of the traditional outlets which have been hard hit by the cut-back in the British distant water fishing and the trading surplus slipped to £726,000 (£775,000).

The division's sales to oil-related customers continued to increase and this activity was strengthened in July by the purchase from BOC International of its subsidiary North Sea Marine Rig Services, the chairman says.

Caravans sold well in both the home and export markets and the group's 1979 models have had a good reception at the early trade shows. The production facilities *of this* division are being further extended and improved and the directors expect it to achieve more success.

Hindered by the poor summer the refrigeration and air conditioning distribution business did not do quite as well anticipated but the contracti[illegible] side expanded and the division profit was marginally up £24,000 (£23,000).

No problems have been [illegible] countered in the continuing [illegible] down of the finance division. D[illegible]ing 1978 the related borrowing should be cut, from £900,000 below £500,000, well covered balance due from customers.

Load factors to date at [illegible] Wales, part of the group's [illegible] activities, have been broadly forecast and good progress expected during the next [illegible] months.

	Half-year 1978-79 £000	1977-78 £000
Turnover	14,797	11,882
Ship's chandlery	7,003	6,016
Caravans	6,617	4,898
Refrig. & air con.	734	574
Other activities	443	339
Trading profit	1,560	1,344
Ship's chandlery	726	775
Caravans	794	638
Refrig. & air Con.	24	23
Other activities	16	18
Interest	256	289
Pre-tax profit	1,304	1,255
Tax	678	550
Net profit	626	695
Extraord. credits	27	16
Preference divs.	42	42
Attributable	611	678

† Loss.

● comment

Against a background of proble[illegible] in both the fishing and carav[illegible] industries, Cosalt has managed [illegible] maintain first-half prof[illegible] although margins are comi[illegible] under increasing pressu[illegible]. Cutbacks in the fishing fleets [illegible] Humber and Fleetwood have [illegible] the ship's chandlery division [illegible] some of the shortfall was made by exports, which jumped by [illegible] quarter. On the caravans si[illegible] Cosalt achieved a small volu[illegible] gain in spite of some sizeab[illegible] price increases, which is probabl[illegible] a reflection of the quality of t[illegible] product range. Other activiti[illegible] such as the Air Wales subsidia[illegible] can provide only limited supp[illegible] for the present, so growth in t[illegible] current year will be minim[illegible] perhaps to no more than £2[illegible]. At this level, the shares are [illegible] a prospective p/e of 6.6 at 7[illegible] while the yield is 4.8 per cent.

Group Lotus recovers strongly

PRE-TAX PROFIT of Group Lotus Car Companies continued to recover in 1977 and finished the year well ahead from £16,988 to £556,676. At the interim stage an advance from £35,000 to £285,000 was reported.

Turnover for the year increased 45 per cent to £8.17m and Mr. Colin Chapman, chairman, reports that this was achieved without a change in staffing levels.

Again there is no dividend. The last payment was a total 2p net for 1974.

Mr. Chapman says that during 1978 market demand has continued to be buoyant and the company has just announced a series of *model up-dates as part of its* continuous product improvement programme.

The after tax profit for 1977 was £274,836 (£16,803). This time there was an extraordinary debit of £108,090 in respect of expenses associated with funding agreement. Last year there was a credit of £109,923 for surplus on sale of leaseback of plant.

● comment

With sales 45 per cent up and pre-tax profits at their best level since the oil crisis and subsequent crash of 1973-74, Group Lotus seems to be climbing out of its depression. Since then the company has gone up market, abandoned its kit cars and set up a £2m financing scheme with American Express. This has not only helped cash flow but enabled Lotus to better support its dealer outlets in the UK, an area where previously it had lost out to competitors. Meanwhile, production units for the year totalled 1,070, including a 57 per cent increase in export volume. Much of this went to the U.S. market and, largely due to the dollar crisis, gross margins slipped half a point in the second half to 6.5 per cent. This has introduced some uncertainty in the American market but the company says sales are still good. Nevertheless, with recruitment now needed to sustain increased production, the company must rely on better volume in the current year. The spin-off from success in the world championship and buoyant car markets in Britain and the U.S. should help this time—but there are already question marks over the motor sector for 1979. At 46p the shares are on a speculative P/E of 9.8.

MANSFIELD BWY. REDEMPTIONS

The outstanding 4 per cent first mortgage debenture stock 1992 of Mansfield Brewery Company is to be redeemed at £103 per cent on January 1, 1979. The 4 per cent first mortgage debenture stock of the subsidiary, Chesterfie[illegible] Brewery Company, is to [illegible] redeemed, if practicable, not la[illegible] than March 31 next year.

L.K. Industrial little changed at six months

For the first six months [illegible] 1978, profits before tax of L[illegible] Industrial Investments were litt[illegible] changed at £164,544, again[illegible] £162,530 last time. In 1977, a r[illegible]cord £310,000 was achieved.

Although half-yearly sales we[illegible] better at £2.33m (£2.08m), t[illegible] directors say the figures fell b[illegible] low expectations and they a[illegible] now seeking to improve th[illegible] trend.

After tax of £85,563 (£84,5[illegible]) attributable profits emerged [illegible] £78,981 against £78,010, givi[illegible] earnings per 25p share only m[illegible]ginally better at 3.29p (3.25p).

The interim dividend is stepp[illegible] up to 1.45p (1.3p) net, costi[illegible] £32,717 (£29,332), with certa[illegible] directors having waived the[illegible] right on 125,000 shares. La[illegible] year's final was 1.3p.

The group manufactures m[illegible] and inflatable products and s[illegible] to the clothing trade.

[[illegible] الأصل]

Rotork steady at £1.4m in first half

PROFITS of Rotork for the first half of 1978 show a modest increase from £1.4m to £1.45m and was only achieved the directors say, through a determined effort to substantially increase turnover—up from £7.02m to £8.94m.

Earnings per share are shown at 7.5p against 7.4p and the interim dividend is effectively raised from 0.565p to 0.65p—last year's total was equal to 1.155p when pre-tax profits were £3.22m.

Net profits for the first half amounted to £0.7m compared with £0.68m.

Creditable results have again been achieved by the controls and other engineering divisions and these are expected to continue throughout the year, although margins will remain under pressure. With a large part of the business in North America, sharp movements in the dollar can have an appreciable effect on the figures, the directors say.

The marine division had an unsatisfactory start to the year and has fallen well below expectations. However, corrective action has now been taken and the division's results will begin to show an improving trend in the second half.

Sales for the half year grew from £1.88m to £2.13m. Non-trading profits contributed £32,600 (£9,325), while net surplus was better at £217,762 against £173,280, after tax of £235,808 (£187,720).

The interim dividend is stepped up from 2.4572235p to 2.7438794p net per 25p share costing £103,481 (£91,335)—last year's final was 3.8077213p.

Midway rise for I. J. Dewhirst

IN LINE with projections made at the last annual meeting, sales of I. J. Dewhirst Holdings, the clothing group, rose by almost 25 per cent to £7.06m and pre-tax profits by just under 20 per cent from £503,000 to £604,000 for the half-year to July 14, 1978.

At the June AGM, the directors said that the group was on course for its half-year sales target of £7m and profits were expected to be in excess of £575,000.

They now report that demand for the group's products is generally good and it has a full production programme for the remainder of the current year.

For the whole of the 1977-78 year, taxable profits were ahead from £914,000 to a peak £1.05m.

After half-yearly tax of £75,000 (£45,500), net profits for the period advanced from £459,500 to £529,000, representing earnings per 10p share of 5.25p (adjusted 4.56p).

The interim dividend is effectively lifted from 0.45p to 0.5p net, costing £50,334, and the directors intend to recommend a final of 1p—last year, payments totalled 1.32p, adjusted for a one-for-three scrip issue.

Rowton Hotels up at midway

REPORTING TAXABLE profits ahead from £381,000 to £433,670 for the first six months of 1978, the directors of Rowton Hotels say indications are that the second half result from hotels and hostels could at least equal that of last year's same period.

For the whole of 1977, overall group profit was a peak £845,588.

Travis & Arnold ahead 9% to £2.18m so far

DESPITE A slow start due to poor weather conditions, pre-tax profits of Travis and Arnold, builders' merchant and timber importer, advanced by 9 per cent from £1.99m to £2.18m for the first half of 1978, on higher sales of £30.64m against £23.88m.

Building activity has increased over the period and indications are that the higher level should be maintained for the rest of the year, says Mr. E. R. Travis, the chairman.

After tax of £1.13m (£0.96m) net profits were little changed at £1,044,000 against £1,033,000. The net interim dividend is stepped up from 0.6918p to 0.7725p per 25p share—last year's total was 3.8137p paid on a pre-tax profit of £3.79m.

The interim payment absorbs £51,000 (£45,000) and after preference dividends, retained profits at the half year emerged as £979,000 (£976,000).

The first half figures do not include any costs of or revenue from the acquisition in August of the two companies in the building supplies division of Ellis and Everard—Ellis and Everard (Building Supplies) and Welland Fuels.

At April 30, 1978, the audited book value of the net assets of the building supplies division (BSD) before deduction of inter-company indebtedness of £3.33m, amounted to £3.5m. Since that date, a freehold property with a book value of £113,000 has been transferred to Ellis and Everard reducing the figure to £3.39m.

Welland Fuels will continue to trade as at present but it is intended to merge Ellis and Everard (Building Supplies) with Travis and Arnold's Midlands and Southern division thereby achieving a comprehensive network of depots in the Midlands, South and South-East England supplying the building and plumbing trades.

The combined companies will operate through a total of 75 depots and employ more than 2,600 staff. "With an anticipated turnover in excess of £80m it will be a major force in the building supply industry," Mr. Travis states.

A pro forma balance sheet of the group after the acquisition of BSD shows combined net current assets of £11.24m, based on Travis and Arnold as at December 31, 1977 and BSD as at April 30, 1978.

At August 29, 1978, the group (including BSD) had outstanding borrowings amounting to £7.42m. These comprised 8 per cent unsecured loan stock 1987-93, £420,000; secured loan, £45,100; unsecured bank overdrafts, £5.26m; and a £1.7m balance of consideration for the acquisition of BSD payable not later than October 1, 1979.

BIDS AND DEALS

Australia blocks Brooke Bond's plans for major tea takeover

BY ANDREW TAYLOR

THE AUSTRALIAN government has blocked Brooke Bond Liebig's £20½m. bid for Bushells Investments, Australia's largest tea company, just three months after after announcing a relaxation of the rules governing foreign investment in the country.

Mr. John Howard, Australian Treasurer said that the acquisition "would be contrary to the national interest. "The bid has been rejected under the 1975 Foreign Takeovers Act.

Mr. Harry Somerville, Brooke Bond finance director said last night that he was surprised and disappointed by the decision and described it as a significant blow to the group's plans for Australia.

He said: "We had expected that any approval would be qualified but did not expect a flat rejection. At this stage we have received no information as to why the bid has been blocked."

In June Mr. Howard announced changes in the guidelines on foreign investment including a more flexible approach to local ownership.

This permitted overseas owned companies to proceed with new investment provided there was a commitment to eventual 50 per cent Australian ownership and that there was already 25 per cent local ownership.

Brooke Bond holds a 20 per cent interest in Bushells' main operating subsidiary but has only a 1.1 per cent stake in the parent group. It had already agreed to acquire a further 52 per cent stake in the parent group from the Bushells and Oxley family holdings.

Mr. Somerville said that under Sydney stock exchange rules the British group were required to bid for all the remaining shares but had indicated to the Australian Foreign Investment Review Board that it would be prepared to negotiate the possibility of a future Australian stake in the company.

"We had not expected unqualified approval but had thought we would have at least something to consider. As at this moment it looks as though we have nothing," said Mr. Somerville.

Last year the group spent almost £900,000 in Australia—to buy out minority stakes in Seakist, the food importers and distributors, and the tiny Brooke Bond Monbulk meat business. It had planned to put both Bushells and Seakist under the umbrella of a single Australian subsidiary.

Bushells controls around 45 per cent of the Australian tea market and 20 per cent of the coffee market. This may have raised monopoly considerations, although Brooke Bond has no other tea or coffee interests in Australia.

At the time of the bid Brooke Bond said that it wanted to increase its presence in Australia in order to reduce its dependence on Africa and Asia for overseas earnings.

The Brooke Bond bid is one of the largest to be rejected by the Foreign Investment Review Board which in its first 15 months in existence rejected only seven out of 1,403 proposals considered.

It is, however, too early to determine whether this decision is an indication of current policy, at a time when the modification of the guidelines has prompted a sharp increase in overseas interest in Australia.

FIRB is currently considering a number of proposals including a A$168m (£100m) bid by British Petroleum to acquire the remaining 50 per cent of Clutha Development—the coal group—from the U.S. tycoon Daniel K. Ludwig.

JOHN JAMES GROUP PURCHASE

John James Group of Companies' wholly-owned subsidiary John James Industrial Holdings has bought W. H. Boddington and Co., a private company based in Kent, for £686,480 cash. The value of the assets acquired is marginally lower than the purchase price.

Boddington was incorporated in 1951 and carries on business as a manufacturer of specialised plastic products from its factory premises in Horsmonden. Its profit before tax for the year ended July 31, 1977, was £219,123 and for the ten months period ended May 31, 1978, was £170,358.

This acquisition represents a further development of the plastics division within John James Industrial and it is intended that the business will continue to expand along its present lines.

DISSIDENT HOLDERS IN OLIVER RIX TO SEE ADVISERS

Dissident shareholders of Oliver Rix, the BL car dealer which is proposing to merge with Manchester Garages, are meeting with their financial advisers in Newport on Friday to determine what course of action they should take over the deal.

The group of shareholders, headed by Mr. Harry Wakely, believe that the terms of the merger favour Manchester to the disadvantage of Rix and that Rix has a better future as an independent company.

They claim support for their opposition to the merger from more than 10 per cent of the shareholders.

Rix's shares are very widely held amongst several thousand small investors. The only significant stake is the 11.5 per cent owned by Columbus Trust through Aeons Nominees. Columbus is in receivership and the share stake is mortgaged to Lombard North Central. Both Lombard and Columbus's receiver have said that they intend to procure acceptance from the ultimate owner of the stake for the offer.

The dissident shareholders claim that having acquired the shares by way of a mortgage from a company now in financial trouble, rather than as a direct investment decision, Lombard's position is different from that of the other shareholders.

Carrington's £10m for Compton

BY ARNOLD KRANSDORFF

Carrington Viyella, one of Britain's largest textile groups, has emerged as the new bidder for J. Compton Sons and Webb (Holdings), uniform maker, whose shares were suspended last week at 43p.

The terms are four Carrington shares plus 30p cash for every three Compton shares. The offer, which Compton says it is considering, values the company at about 58.7p per share, or almost £10m.

Carrington informed Compton on August 31 that it intended making an offer for the ordinary shares. The following day Compton asked the Stock Exchange to suspend dealings so that discussions could take place.

This was exactly a week after it was announced that bid talks with Vantona, the Manchester-based textile group which holds around 9 per cent of Compton, had broken down. Vantona said at the time that the bid had failed because it had been unable to agree a price for the remaining shares.

Yesterday, Carrington said that a further announcement would be made as soon as possible. The Stock Exchange has been asked to lift the suspension and dealings in Compton shares are expected to resume this morning.

The company advises shareholders to take no action in respect of their shares. Carrington, which does not have a stake in Compton, said yesterday that there would be no redundancies as a result of a merger and that Compton would retain a separate identity within the Carrington group.

Compton's sales in 1977 amounted to £18.74m (£19.13m) and profits were lower at £1.82m, against £2.38m. In May the company said it would hold its own in the current year.

The offer price represents an exit p/e of 11.2, which compares with just over seven for the textile sector.

ASSOCIATES DEAL

E. B. Savory Milln and Company bought 5,000 Weston Evans ordinary shares at 154p, on behalf of Johnson and Firth Brown.

SHARE STAKES

Saint Piran is interested in 760,000 Tehidy Mineraly ordinary shares.

Amalgamated Distilled Products: Mr. I. D. McNicol, director sold 35,000 shares at 34p on August 22.

Best and May: Tygon Securities is now interested in 437,500 shares (19.4 per cent).

Castings: Britainnier Assurance Company has bought a further 45,000 shares making total 634,500 shares (9.38 per cent).

Jove Investment Trust: London Trust Company has sold 250,000 capital shares reducing holding to 750,000 shares (5.295 per cent).

Herman Smith—Donegal Securities, of which Mr. Herman-Smith and Mr. R. Herman-Smith (directors of Herman Smith) are both directors and shareholders, bought 15,000 shares at 10p.

Gieves Group—Mr. B. I. R. Scruby, director, has acquired 16,000 shares.

Rothschild Investment Trust: Shield Trust holds 2,001,629 shares.

Leslie and Godwin (Holdings): Mr. R. W. Baker, director, and his wife, Mrs. R. Baker have disposed of 75,000 and 85,000 shares respectively.

General Funds Investment Trust: Due to the dissolution of various trusts director Mr. J. N. McCance's non beneficial interest has been reduced to 38,156 shares.

ESTATES AND GENERAL

Estates and General Investments states that Prowting Holdings has advised that Prowting has exercised its option to acquire the balance—49.38 per cent—of the capital of Mount Row Securities which company and its subsidiary owns 980,590 E and G shares. It is pointed out that Mount Row's holding in E and G is not affected.

ICFC STAKE IN NEW COMPANY

Industrial and Commercial Finance Corporation is injecting £200,000 in the form of loans and an equity stake into a new company, Steelworth, which is to acquire Montague R. Jason the domestic hardware distributors and suppliers to furniture manufacturers.

ICFC is to take a 25 per cent stake in the new company with Mr. T. E. Konrad and Mr. C. A. Tether, directors of Montague, each holding a 30 per cent interest. Mrs. Sylvia Jason will take a 15 per cent stake. The deal was put together following the death of Mr. Montague Jason who controlled around 98 per cent of the shares in Montague.

Mr. Konrad said yesterday that Montague is expected to earn pre-tax profits of around £100,000 in the current year.

Jones Stroud sees further growth

The directors of Jones Stroud (Holdings) are confident that the efforts which have been made throughout the group will soon make good last year's second half profit deficiency, says Mr. Philip Le Jones, the chairman, in his annual statement, and he expects that current year profits will comfortably exceed those of 1977-78.

As reported on July 10, pre-tax profits rose from £2.13m to a lower than expected £2.41m for the year to March 31, 1978, after a second half result little changed at £1.24m against £1.22m.

On a CCA basis, profit is reduced to £2.11m by adjustments of £400,000 on depreciation, £32,000 on cost of sales, offset by gearing of £130,000.

A rise in turnover from £21.05m to £25.59m for the year resulted in a decline in profit margins, the most significant reason for which was the cost of continuing endeavours to develop and rationalise both the group and its constituent members.

Mr. Jones explains that this process in both expensive and time consuming, but the directors are hopeful that the current year will see the end of the major projects which the group has been undertaking over the past two or three years.

"Most of the expense has now been borne and future trading should benefit from the actions which have been taken," he says.

After last year's advance, the companies in the textile division maintained their contribution to the group at the higher level despite continuing losses in overseas subsidiaries. Certain disposals were made during the year and the chairman states that further developments are both in progress and being planned.

The group's electrical companies again did not make the progress for which the directors hoped—market conditions did not improve and, despite considerable efforts to increase sales and manufacture more economically, they were unable to improve on last year's performance.

During the latter half of the year, Anglo-American Vulcanized Fibre moved from one of its existing leasehold premises in London to a freehold site at Poplar in order to gain greater scope for expansion, but this adversely affected profitability, Mr. Jones points out.

A further temporary adverse factor in the electrical division was the commissioning cost of a new tube mill at Beam Group, which although now in production will continue to make losses at a reducing rate for some months to come, he says.

MINING NEWS

CRA getting diamonds in Ashton tests

BY KENNETH MARSTON, MINING EDITOR

THE LATEST news from the Ashton diamond exploration hot-spot in the Kimberley region of Western Australia, announced by Conzinc Riotinto of Australia, is that first testing of samples by the new processing plant has resulted in the recovery of about 173 carats (there are 142 carats to the ounce) of diamonds, the largest of which weighs approximately 3.3 carats.

This result came from one month's operation of the plant which handled some 1,918 cu metres of material from near surface trenches. By South African standards, this is a low diamond content, or grade, but in diamonds it is quality that counts and the quality of the stones is not known.

The first phase of the current programme involves taking samples of approximately 100 cu metres from the surface of each hectare of the kimberlite pipes which are judged to be of potentially economic size.

Work at the Ashton venture has now confirmed the presence of 26 kimberlite pipes with a total surface area of about 500 hectares. In the previous report of July 13, CRA had found 12 pipes with a total area of 280 hectares. Work is now being concentrated on seeking out which, if any, of the pipes contain potentially economic concentrations of diamonds.

CRA emphasises that the current phase of testing can only serve as a basis for larger scale bulk testing in the event of significant concentrations of diamonds being recovered. Furthermore, it is pointed out that the present early results from limited quantities of near surface material can be misleading; reliable results can only be obtained from deeper and larger scale tests.

Understandably, CRA is concerned to play its announcement cool against the background of over-heated sharemarket hopes and, indeed, it is far too early to expect anything else.

In fact, the latest announcement has only been made at the request of two of the Ashton venture partners — Northern Mining (5 per cent) and Malaysia Mining Corporation (27 per cent) —which are planning to make share offers. The other partners are Sibeka (7 per cent) and Tanganyika Holdings (8.4 per cent), leaving CRA with 52.6 per cent.

But there is no doubt that the results so far obtained at Ashton are very encouraging and the next of the regular quarterly reports, covering the three months to September 30, will be eagerly awaited.

In assessing future results a vital factor will be whether the tests yield diamonds of gem quality. CRA does not know to what extent the stones so far recovered include those of gem quality. A reasonably sized diamond of 3.3 carats could be only of boart, or industrial quality, and worth only a few dollars per carat. But if it were of gem quality its value could easily be 1,000 times greater.

Meanwhile, Australia's Audimco reports that it has found more diamonds at its Copeton prospect in New South Wales. Results from testing at the fourth exploratory shaft have established a far thicker band of mineralised sediments than was previously encountered. If typical, these would justify commercial exploitation, it is stated.

So far, testing of material from the bottom 1.22 cubic metres in the shaft has yielded seven small diamonds weighing 3.33 carats, while a further nine stones weighing 2.45 carats have been recovered from four cubic metres of material examined from higher up the shaft. A fifth shallow shaft is to be sunk, but bulk sampling on a larger scale will be necessary before any conclusions can be made on commercial viability.

In a lively share market yesterday, CRA jumped 18p to 356p while the London parent Rio-Tinto-Zinc rose 8p to 240p. Audimco were nominally 70p after overnight strength in Australia. Among the other diamond hopefuls, Northern Mining put on 16p to 140p. Tanganyika Concessions gained 10p to 157p and rises of 5p were seen in Bamboo Creek (25p), Jones Mining (45p), Otter (50p), Spargo's Exploration (48p) and North West Mining (50p).

Fraser may meet Aboriginals for Ranger talks

MR. MALCOLM FRASER, the Australian Prime Minister, is seeking talks in Darwin tomorrow with Mr Galarrwuy Yunupingu, a key Aboriginal leader who is chairman of the Northern Land Council, in a bid to prevent delays to the development of the Ranger uranium deposit.

A recently signed draft agreement between the Government and the Aboriginals is in jeopardy following a warning from Mr. Yunupingu to Mr. Fraser that the agreement might not be signed, reports Laurie Oakes from Canberra.

The Northern Land Council, a statutory body set up to protect Aboriginal interests, is to meet next week to consider the Ranger agreement setting out the level of royalties to the Aboriginals and the conditions under which Ranger may be developed by Peko-Wallsend and EZ Industries, the joint venturers with the Government.

Yesterday, Mr. Douglas Anthony, the Deputy Prime Minister, expressed the Government's concern about the recent run of events by saying that a decision by the Aboriginals not to sign would set back Ranger's development by about a year.

Mr. Yunupingu threatened not to sign, he told Mr. Fraser, "unless you as a Government stop playing your political games with the Aboriginal people."

He criticised particularly a Government decision last week to allow Pancontinental Mining to extend the Arnhem Highway to its Jabiluka deposit, despite opposition from Aboriginals in the area.

Mr. Fraser apparently hopes to reassure Mr. Yunupingu that approval for the road extension does not mean that the Government has already decided to give Pancontinental a go-ahead for mining.

"If Pancontinental builds the road they will be building it at their own risk. The Government at this stage has not even considered the likelihood of Pancontinental proceeding with its mining development" Mr. Anthony said.

"I believe that once the matter is explained to them (the Northern Land Council) then they will proceed with the signing of the agreement," he added.

Mr. Fraser has sent a telegram to Mr. Yunupingu suggesting a meeting. He will be in Darwin anyway for the first session of the Northern Territory's Legislative Assembly since the grant of self-government.

Meanwhile Pancontinental has reported a net loss for the year to June of A$459,600 (£271,650) compared with a loss of A$368,400 in the previous year.

In London yesterday Pancontinental shares were £14¼. Those of Peko-Wallsend were 370p, while those of EZ Industries were 285p.

GOVERNMENT LOAN FOR METALS EX.

Metals Exploration of Melbourne has accepted a A$1m (£591,000) Western Australian Government development loan for a four-year programme at its Nepean nickel mine south of Coolgardie.

The loan is to ensure continuity of employment for the workforce, and to enable the company to keep the mine in a productive state so that it can capitalise on a future uplift in the world nickel market.

Mr. Andrew Mensaros, the Mines Minister, yesterday said the loan would allow the company to go ahead with mine development in the next four years, and provide enough pre-developed ore for a further period beyond.

Metals Exploration will repay the loan over four years, starting from the end of the development programme.

ROUND-UP

The strike by mill workers at Tara Mines' lead and zinc operation in Navan, Ireland, has ended. The company has lifted the force majeure on shipments which has lasted since the strike started at the end of July. The company laid off the majority of its 800-strong workforce.

At the Phoenix Mining and Finance extraordinary general meeting in London yesterday shareholders agreed that the company's holding of 252,754 shares in Globe and Phoenix Gold Mining should be offered to members by way of a rights issue.

The New Zealand Government is pressing ahead with a coal exploration programme, reports Dai Hayward from Wellington. Ten drilling rigs are working in the established Waikato region of the North Island. The programme is going ahead despite the fact that production over the next five years is expected to be greater than demand. Official reserves now stand at 1.17bn tons.

Thin times at Prieska

INDICATIONS OF some stability returning to the zinc market are mentioned by Mr. R. T. Swemmer in his statement with the annual report of the Anglo-Transvaal group's Prieska copper-zinc mine in South Africa.

He adds, however, that a strong economic upturn must occur in major consuming countries before prices of both copper and zinc recover to more realistic levels in real terms. This, he points out, is essential if producers are to earn adequate returns on investments and new investment is to be encouraged.

In the year to June 30, Prieska boosted production and reduced its costs by 11 per cent. But the depressed level of metal prices resulted in profits falling to R5.90m (£3.55m) from R13.67m in 1976-77.

Capital expenditure this year is estimated at about R7.4m. Mr. Swemmer says that very much improved metal prices will be required to enable the company to meet this spending and the company's loan repayments of about R5.7m from internal sources. A direct 24 per cent stake in Prieska is held by Middle Witwatersrand Areas.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Occidental Petroleum bid attempt for Mead blocked

BY DAVID LASCELLES

NEW YORK, Sept. 6.

MEAD, the large forestry products company which is fighting a takeover bid by Occidental Petroleum, won breathing space today, when the Ohio division of securities announced that it will hold hearings on Occidental's proposed tender offer.

The hearings will take place from September 11-23 and mean that Occidental cannot go ahead with its offer in the State of Ohio, where Mead is headquartered, until October 20, the date when the securities division says it expects to be making a final decision. This effectively blocks the whole tender offer for that period.

The hearings are planned primarily to decide whether Occidental is providing enough information about itself to enable Mead shareholders to make up their minds about its offer. If the division decides that Occidental has not supplied enough information, it can either ask the company to disclose more or reject the offer in its present form.

Occidental's tender offer, which has no officially stated value though analysts have put it between $750m and $1bn, is the largest in the U.S. this year. It has attracted interest because it brings together an oil company with a forestry company and is thought to mark a growing trend among energy companies into sectors with self-reproducing assets.

However, Mead has strongly resisted the offer with a barrage of publicity and letters to shareholders, mainly on the grounds that Occidental is offering convertible preferred stock, or "paper," and not cash. But it has also pointed out that Occidental's chairman, Dr. Armand Hammer, is 80 years old, that the company is subject to numerous lawsuits, and that in 1976, Dr. Hammer pleaded guilty to Federal criminal investigations in California.

In an interview with the Wall Street Journal today, Mead's chairman, Mr. James McSwiney, claimed "we've run a good show." Mead's liquidity is now said to be such that it will be able to invest $1bn in new facilities and businesses over the next five years and still hold debt at a conservative 30 per cent of shareholder equity.

Mead officials also say that the company, which has raised dividends for five consecutive years, will be able to pay out about 30 per cent of earnings.

Agreement expected on on Pan Am takeover

By Stewart Fleming

NEW YORK, Sept. 6.

MR. WILLIAM SEAWELL, chairman of Pan American World Airways, predicted today that the company would reach a definitive merger agreement with National Airlines today.

The two companies were negotiating throughout yesterday on the terms of the $350m proposal to acquire National which Pan Am announced last month. National is fending off a rival takeover attempt from a smaller regional airline, Texas International Airlines.

If the two companies do reach formal agreement—and Mr. Seawell gave no indication of whether the proposed $41 a share terms were being revised—the deal would have to be approved by the Civil Aeronautics Board (CAB), whose chairman, Mr. Alfred Kahn, has indicated that he would prefer to see Pan Am expand its domestic routes itself rather than through a merger.

After yesterday's negotiations, National said that its board would meet today to consider definitive merger terms. Mr. Seawell said this morning that "final negotiations are in progress and it is expected that a final agreement will be submitted to the Pan Am board today."

Strong third quarter for Fluor

BY OUR FINANCIAL STAFF

AN "EXCEPTIONALLY strong" third quarter is reported by Fluor Corporation, the process plant and construction group, whose earnings in the first half were hit by the prolonged strike in the U.S. coal industry.

Net earnings for the third quarter have jumped to $23.5m or $1.39 a share, from the $20.4m or $1.21 of the comparable period. Sales of $747.9m compare with $579m.

The upturn brings the total earnings for the nine months to July 31 at $55.1m against $56m or $3.26 a share against $3.33. Sales have totalled $2.03bn compared with $1.37bn.

The strength disclosed by the latest figures will provide additional backing for the Board's prediction in June that earnings for the full year would surpass last year's $4.48 a share.

Providing further encouragement for shareholders is the disclosure of a substantial rise in the orders booked by the Irvine, California-based group, whose interests include a 10 per cent stake in Peabody Coal in the U.S. as well as leadership of a consortium drilling for oil in the British section of the North Sea.

At the end of the third quarter, reports Fluor, orders outstanding at $765m showed an increase of or more than 250 per cent over the figure of a year ago, and contributed substantially to the increase in the backlog at the nine-month stage from $8.56bn to $12.2bn.

North Central and Southern fix terms

By Our Own Correspondent

NEW YORK, Sept. 6.

NORTH Central and Southern Airways, which are proposing one of the four mergers currently confronting the U.S. airline industry, announced today that they had reached a definitive merger agreement.

The deal will take the form of a merger of Southern into North Central, with North Central exchanging 2.2 shares of its stock for each Southern share, provided Southern achieves a pre-determined earnings level this year. If earnings are lower, the exchange will be reduced in value.

The two airlines, which had announced their intention to merge back in July, have still to get approval from their own shareholders and from the Civil Aeronautics Board before the deal can go through.

Analysts' new look at Deere

CHICAGO, Sept. 6.

DEERE's strong third quarter profit performance has caused financial analysts to raise their 1978 earnings estimates for the company.

Merrill Lynch Pierce Fenner and Smith analyst, Nassos Michas, raised the estimate of Deere's fiscal 1978 (ending October) earnings to $4.57 a share from the previous estimate of $4.10 to $4.30.

Despite significant losses from translation of foreign currencies, he said, Deere's third quarter result "were 20 cents a share above the estimate we had published in April this year" and 10 cents above the earnings a year ago.

The company recently reported third quarter net of $1.38 a share against $1.28 a year earlier.

Deere's retail sales of equipment during the important spring selling season were strong, causing dealer inventories to remain at a low level, Michas said. "We now expect the company to increase production schedules next year and, based on that assumption, we estimate an increase in earnings in fiscal 1979 of about 10 per cent." The Merrill Lynch estimate for Deere for fiscal 1979 is $5 a share.

William L. Roberts, of the analysts, Piper Jaffray and Hopwood expects strong combine sales in the corn belt. Roberts, who had been forecasting a flat fiscal 1978, raised his estimate to $4.40 a share from $4.25 and is looking to the range of $5 to $5.10 for fiscal 1979. In 1977, Deere earned $4.24 a share.

Roberts added that even though he recently raised his estimate, he is reviewing it.

Michas expects that at the end of the current fiscal year Deere's balance sheet will be fairly liquid, with trade receivables and inventories at or near last year's level and with much lower short term debt.

The company currently pays a quarterly dividend of 35 cents a share.

Reuter

BANK OF NEW YORK

Marching with the parade

BY DAVID LASCELLES IN NEW YORK

DURING THE RECENT flurry of foreign banking takeovers in the U.S., one bank has featured more than most as a possible target: the Bank of New York. Apart from possessing a memorable name and some $6.4bn in assets, it is the city's oldest bank, all points which seem to make it a prize worth seeking.

But Mr. Elliott Averett, the Bank's chairman and chief executive officer, scotches all rumours of a takeover. In a recent interview, he said: "I've heard these rumours too, but I can tell you we have not had a single serious approach."

In a city where hundreds of banks vie for status and business, Bank of New York (BNY) takes a somewhat low key approach. This has partly to do with its history, which confers upon it a lustre no other bank can match. But it also has something to do with its size which puts it conveniently between the big leaguers, who come under constant public scrutiny, and the medium leaguers, who seldom get to open offices plumb on Wall Street.

Bank of New York, whose telegraphic address is a simple BANKONE, was founded in 1784 by Alexander Hamilton who later became the nation's first Secretary of the Treasury. This date, Mr. Averett says makes an impact even in London, where the bank has a branch in Leadenhall Street, and to reinforce it in people's minds, BNY's New York phone number is 530-1784. Amid the antique furnishings of the executive floor at the Wall Street headquarters, the bank has framed its first warrant, for $20,000 advanced to the Treasury in 1789. This was the opening instalment of a $200,000 loan, the first ever obtained by the U.S. Government.

"We get blamed for starting the Federal deficit," said Mr. Averett, whose office features an 18th century partners desk of a quality rarely seen this side of the Atlantic.

For many years BNY was New York's only bank, and until 1820, all its accounts were kept in pounds, shillings and pence, while most of its business was conducted in foreign currencies. Apart from financing trade, the Bank's early growth came largely through personal and corporate trust services, an image which still lingers in the public mind even though this activity now accounts for only an eighth of gross income.

Amid the flurry of foreign bank takeovers in the U.S., the Bank of New York, the city's oldest bank, appears a prize worth seeking. Such rumours, however, have been scotched by the Bank which though "marching with the parade," according to Mr. Elliott Averett, the chairman, is still in two minds about the banking trend towards electronic gadgetry

Today, Bank of New York is in many ways representative of that segment of the U.S. banking industry which has expanded abroad, often in the wake of clients, but which cherishes its home base and community image for the strong dollar-earning base it gives them. Many of BNY's branches, for instance, are designed in English Colonial Style, with white painted weatherboarding and a dovecote on top, though there may be a drive-in teller round the back. There are only three overseas branches, London, Singapore and the Cayman Islands.

BNY's main domestic activities now revolve around corporate and retail banking, following expansion in New York City and upstate New York through acquisitions of small local banks, like the United National Bank of Long Island and the Bank of Buffalo. Nearly three years ago, BNY consolidated its eight banking subsidiaries into a single group in the interests of efficiency.

With some 150 branches scattered around New York State, BNY claims to run its retail business at a profit, contrary to the general experience of the New York banking industry. Mr. Averett attributes this partly to well-placed branches, and partly to the care they take not to look like further outgrowths of Wall Street. Perhaps for this reason, BNY is still in two minds about the growing trend towards electronic banking led by the industry giants who seek to make banking more attractive to the public, and profitable to the banks themselves.

"You could say we're marching with the parade," he said. But the Bank has yet to take any decisive steps of its own, fearing possible consumer resistance to electronic gadgetry in the touchy world of personal finance.

Despite its strong local interests, though, Bank of New York shares the concern of the giant Manhattan banks about the high level of Government regulation of the banking business. As current chairman of the Executive Committee of the New York Clearing House Association which represents the big banks' interests, Mr. Averett believes that deregulation would increase the efficiency—and profitability—of the banking system.

"At the moment we have over 14,000 banks in the country," he says. "That's far too many, particularly when you consider [illegible] a fraction of that number manage to provide nationwide services in, say, Canada [illegible] Britain."

Part of his concern is [illegible] legislation currently going through Congress to regulate foreign banks in the U.S. [illegible] set back rather than advance [illegible] cause of reform. This legislation will subject foreign banks [illegible] many of the controls covering domestic banks, when it could have tackled the problem from the other end — by giving domestic banks the same freedom as foreign banks.

However, Mr. Averett argues that when deregulation finally comes, it will not necessarily produce a stampede as the [illegible] banks sweep across the country gobbling up every small bank [illegible] their way. For a start, he says, deregulation would come gradually, probably by geographic region. And even then, big banks would have difficulty acquiring or merging because of the antitrust laws.

Smaller banks like his own, [illegible] says, will be in a better position to expand because there will [illegible] less concern about a reduction [illegible] competition.

Meanwhile, though, BNY seems to be managing pretty well. [illegible] improvement in spreads [illegible] enabled it to reverse the decline in earnings last year. Income before securities transactions [illegible] the first half was $17.7m, some 20 per cent up on last year, a[illegible] the price earnings multiple on [illegible] shares is about 6.5, or avera[illegible] for the sector.

Syntex maintains steady growth in earnings

BY OUR FINANCIAL STAFF

THE STRONG upturn in earnings at Syntex Corporation, the pharmaceutical and animal health foods group, was maintained in the fourth quarter, bringing an increase in net earnings for the full year of 43 per cent to $53.8m or $2.90 a share against $1.83. Sales jumped from $313.6m to $381.1m.

The fourth quarter returned earnings of $13.1m, a gain of 50 per cent on the comparable period, following a gain of 54 per cent in the third quarter.

The Board says that it will seek to recover some damages exceeding $3m from Philips NV which has terminated an agreement under which Syntex was to supply CT scanners to Philips for resale outside the U.S.

Syntex says it will seek to recover damages from Philips which also claimed undefined damages when it terminated the marketing agreement either through negotiation or through the arbitration procedures provided in the agreement.

The scientific and medical instruments division which manufactures the CT scanners suffered a decline in sales during 1978 after focussing attention on the international market via the Philips agreement, a move prompted by the continued deterioration of the U.S. market for the scanners.

Because of the action by Philips and also of the state of the U.S. market for scanners, Syntex has increased its reserves for the writedown of assets and for the estimated loss in the scientific and medical instruments section by about $3.5m, to about $6.3m for 1978. Syntex describes the scientific and medical division as "a small portion of its business."

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vac.
1977							
2nd qtr.	102.1	103.2	106	102.5	222.0	1,330	[illegible]
3rd qtr.	103.0	104.0	106	104.3	234.2	1,418	[illegible]
4th qtr.	102.4	103.4	106	104.4	239.4	1,431	[illegible]
1978							
1st qtr.	103.5	103.8	98	106.3	246.0	1,409	[illegible]
2nd qtr.	104.3	104.8		108.0	254.2	1,367	[illegible]
March	103.5	104.4	103	107.0	249.8	1,401	[illegible]
April	105.4	105.8	104	106.7	250.3	1,387	[illegible]
May	103.3	103.6	117	108.4	255.2	1,366	[illegible]
June	104.2	105.0		108.7	257.3	1,365	[illegible]
July				111.4	263.8	1,371	[illegible]
August						1,392	[illegible]

OUTPUT—By market sector: consumer goods investment goods intermediate goods (materials and fuels); engineering output metal manufacture, textiles, leather and clothing (1970=100) housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Hous. starts
1977							
2nd qtr.	113.4	98.1	105.2	99.2	80.5	100.2	[illegible]
3rd qtr.	115.5	98.8	104.9	100.1	83.3	100.7	[illegible]
4th qtr.	117.0	98.0	101.9	99.4	74.8	100.0	[illegible]
1978							
1st qtr.	116.1	99.6	104.6	100.7	76.8	99.7	[illegible]
2nd qtr.	116.8	99.0	106.9	101.2	83.1	100.5	[illegible]
Feb.	117.0	99.0	106.0	101.0	78.0	100.0	[illegible]
March	117.0	100.0	104.0	102.0	78.0	100.0	[illegible]
April	117.0	100.0	109.0	102.0	85.0	105.0	[illegible]
May	115.0	98.0	106.0	101.0	83.0	98.0	[illegible]
June	118.0	99.0	106.0	101.0	80.0	98.0	[illegible]
July							[illegible]

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn
1977							
2nd qtr.	118.0	109.8	−764	−365	−745	100.3	[illegible]
3rd qtr.	124.1	106.4	+ 54	+537	−602	101.0	[illegible]
4th qtr.	117.9	102.6	+ 45	+486	−657	102.4	[illegible]
1978							
1st qtr.	102.3	114.3	−574	−395	−646	105.1	[illegible]
2nd qtr.	122.6	110.0	−139	+221	−420	104.4	[illegible]
March	121.4	116.9	−279	−189	−209	104.8	[illegible]
April	125.9	104.1	+187	+307	−149	104.0	[illegible]
May	119.9	114.1	−218	− 98	−135	105.1	[illegible]
June	121.9	111.9	−108	+ 13	−116	104.1	[illegible]
July	126.9	117.1	−150	− 30	−229	104.8	[illegible]
August							[illegible]

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	[illegible]
3rd qtr.	28.0	10.4	20.3	+365	1,084	1,149	[illegible]
4th qtr.	23.2	12.6	8.8	+698	1,365	1,189	[illegible]
1978							
1st qtr.	24.7	24.0	17.5	+1,818	1,049	1,260	[illegible]
2nd qtr.	8.7	15.9	24.8	+2,893	694	1,393	[illegible]
March	24.7	24.0	17.5	+597	308	413	[illegible]
April	19.1	24.7	12.6	+1,432	335	463	[illegible]
May	13.2	17.4	18.3	+1,124	212	471	[illegible]
June	8.7	15.9	24.8	+337	147	459	[illegible]
July	9.3	9.5	35.0	+114	180	458	[illegible]
August							[illegible]

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	[illegible]
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	[illegible]
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.2	[illegible]
1978							
1st qtr.	123.1	326.7	279.0	190.6	197.3	238.51	[illegible]
2nd qtr.	129.9	340.7	284.6	195.8	203.8	242.27	[illegible]
Feb.	122.7	324.2	279.2	190.6	197.3	234.86	[illegible]
March	125.0	331.0	280.6	191.8	198.4	238.51	[illegible]
April	127.2	337.4	282.7	194.6	201.6	238.94	[illegible]
May	129.4	341.5	284.6	195.7	203.2	250.67	[illegible]
June	133.1	343.1	286.3	197.2	206.7	242.27	[illegible]
July		340.2	288.7	198.1	206.1	235.68	[illegible]
August						248.54	[illegible]

* Not seasonally adjusted.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Ursini freed as inquiries continue

By Our Own Correspondent

ROME, Sept. 6.

THE financier Mr. Raffaele Ursini, who controls the financially troubled Liquichimica chemicals group, has been granted provisional liberty after eight weeks in prison pending the further investigation of charges against him of financial irregularities.

Mr. Ursini, along with three other senior managers from the group who have now also been provisionally released, had been accused of irregularities in the way Liquichimica obtained state grants to finance the construction of a petrochemicals plant in southern Italy. Their arrest in early July came only shortly after Mr. Ursini's resignation as managing director of Liquichimica's parent company, Liquigas, in which he is the main shareholder.

The plant in question, at Saline in Calabria, is one of four Liquichimica plants covered by a financial rescue plan put forward a month ago by a group of creditor banks. The rescue project, which would have involved an immediate credit line to Liquichimica of L30bn ($40m) to help it out of its financial difficulties, as well as a moratorium on debt, has run into problems because of subsequent misgivings by some of the banks.

The Banco di Napoli, in particular, is understood to be pushing for the extension of the rescue plan to other companies in the Liquigas group which also owe it money. Negotiations are in progress between banks over the rescue project, but meanwhile the plan is in abeyance

Spanish banks in merger deal

BY DAVID GARDNER

MADRID, Sept. 6.

HAVING slipped to second place at the end of last year, Banco Espanol de Credito (Banesto) has finally regained its position as Spain's largest concentration of banking interests.

This week Banesto formally completed the acquisition of Banco Coca. The deal provides the bank with a deposit base of more than Pts 650bn ($9bn), increases the number of branches to 16,000 and expands the workforce to more than 22,000. It puts Banesto unquestionably ahead of its main rival, Banco Central.

Moves to fuse Banco Coca with Banesto began last December, on the day that the Banco Central finalised its merger with Iberico. And rivalry among the larger banks aside, the moves formed part of a process of consolidation in the Spanish banking system, which began in the wake of the failure of a number of smaller banks, prominent among which was the Banco de Navarra.

The Banesto-Coca fusion was given the blessing of the Bank of Spain and Ministry of Finance, and appeared to be settled when the shareholders of both banks approved the terms of the deal on April 28.

One month later, however, allegations of irregularities in the Coca accounts began to filter to the surface.

The authorities made charges in connection with exchange control regulations, and the Fraud Squad began to investigate property deals in the south of Spain, in which Coca had allegedly been involved. Coca's lawyers have yet to receive official notification of this, but will contest both the conclusion and the procedures used to arrive at it.

As the alleged irregularities surfaced, many observers suspected that an attempt was being made to embarrass Banesto politically. While Coca was owned by one of the best known banking families to have prospered under the Franco regime, Banesto itself has been closely associated with leading members of the former regime.

This doubt has lingered even among those bankers who regard tough action to clean up the system, and to penalise currency smuggling and tax evasion, as essential. Banesto itself, in finalising the merger, seems to have decided that any damage that can be done to its image has already been done. For their part senior banking authorities have greeted the fusion with quiet relief.

Banesto has issued a statement guaranteeing to its new clients a service as efficient as they had always been accustomed to.

Reduced loss from Dutch engineer

By Our Financial Staff

A MODESTLY reduced loss for the first half of 1978 is reported by Verenigde Machinefabrieken Stork (VMF Stork), the largest mechanical engineering group in Holland.

Operating losses for the six months are Fls 24.0m which compares with Fls 27.5m for the opening half of 1977. In the two years to 1977 the company accumulated losses of more than Fls 73m at the net, after tax level. As part of restructuring of its shipbuilding and heavy engineering operations, VMF is to receive some Fls 235m in state aid.

The half-year deficit includes half of the losses of Stork Werkspoor Diesel BV, in which the Dutch government is taking a 50 per cent stake retroactive to January.

The company said it expects the full 1978 operating loss to be lower than last year's Fls 39.3m. It also points out that provisions for reorganisation costs will be considerably less than last year's Fls 73.6m.

Dutch to reorganise paper industry

BY CHARLES BATCHELOR

AMSTERDAM, Sept. 6.

HOLLAND is to start a radical restructuring of its troubled paper and board industry. Corrugated board production capacity will be reduced, three factories belonging to small independent producers will be shut down and about 850 jobs will be lost as part of a set of measures being implemented

A government commission has been appointed to prepare and carry out the measures, Economics Minister Mr. Gijs Van Aardenne said in a note to parliament. Industry solid board capacity will be cut by 100,000 tonnes to 360,000 and paper-for-corrugated board capacity will be reduced by 60,000 tonnes to 380,000

Sixteen of the 31 solid board machines now operating within the Dutch paper trade will be closed down, as will six of the 15 paper-for-corrugated board machines. Of the three factories facing closure, two, De Vrijheid and De Halm in Stadskanaal, will be closed this year and the De Halm factory in Hoogkerk is expected to be shut down in 1979.

These closures will lead to the loss of 850 jobs in the north-eastern province of Groningen. To soften the impact in an area already suffering from high unemployment, the restructuring will be spread over the next two years and many of the reductions will be achieved by natural wastage. Efforts will also be made to create alternative work in the area.

Holland's three major paper manufacturers — Van Gelder, KNP and Buehrmann-Tetterode (BT)—have faced several difficult years. Sharply rising imported pulp prices, over-capacity and sluggish demand have led the companies to carry out their own internal reorganisation.

KNP absorbed the Kappa paper group last year and recently reported more than doubled net profits of Fl 3.7m ($1.7m) in the first half of 1978. But it continues to face severe losses from its 51 per cent owned Oklo subsidiary. Van Gelder returned to profit in the first half of this year for the first time since 1974. But it too is carrying out a far-ranging restructuring and remains reserved about prospects.

More broadly based than much of the competition, BT—whose interim results were unveiled today—has had an easier run. Having maintained profit and turnover growth in the first half of 1978 it expects a reasonable increase in net profit for the year as a whole on higher sales.

Net profit rose 5 per cent in the six months to Fl18.3m ($8.5m) while turnover was 13 per cent higher at Fl831m ($389m). Net profit per nominal share rose to Fl5.01 from Fl4.74.

The latest set of figures include two recent acquisitions, the Belgian firm Unica and Van Luxecaille of Lyons, while the result of the De Zeeuw group is now consolidated in full. Start up costs at BT's Belgian interest, Papeteries de Mont Saint Guibert, have been set against provisions for foreign investment risks. These provisions are expected to cover most of the further costs.

Earnings dip at Interfood

BY JOHN WICKS

ZURICH, Sept. 6.

REPORTING a dip to SwFr 10.48m from SwFr 11.02m in group net profits for 1977, Interfood, whose main activities are the Suchard and Tobler confectionery operations, says it expects earnings in 1978 to be more or less maintained.

The group's Lausanne holding company, whose financial year extends to March 31, foresees dividends of SwFr 21 per "A" share and SwFr 105 per "B" share. This follows a rise in parent company net profits to SwFr 7.92m from SwFr 7.73m, and companies with payments of SwFr 20 and SwFr 100 respectively a year ago.

Total group turnover last year rose from SwFr 1.1bn to SwFr 1.2bn, but cash flow declined from SwFr 47.1m to SwFr 45m. Results were "substantially affected" by the exchange rate situation — at previous parity levels, the rise in group sales would have been of as much as 19 per cent last year.

For the first seven months of 1978, sales in terms of local currencies are also higher by 19 per cent, but the accelerated appreciation in the Swiss franc led to a 2 per cent drop in terms of this currency.

The Ivory Coast factory of Procao S.A., in which Interfood has a minority shareholding, has begun the processing of cocoa beans, while another minority participation — that in the Brazilian company Copate—will soon begin making chocolate.

Iggesund sees improvement

By William Dullforce

STOCKHOLM, Sept. 6.

IGGESUND, the Swedish board, pulp, steel and chemicals conglomerate, made a loss of SKr 25m ($5.2m) for the first seven months of this year. This compares with pre-tax earnings of SKr 2m for the corresponding period last year.

But the market position for the group's products, particularly for pulp, has improved and is expected to result in a better profit performance during the last five months. Iggesund is, therefore, forecasting a 1978 result close to last year's pre-tax loss of SKr 8m.

Sales during the seven-month period totalled SKr 898m ($204m), showing an increase of SKr 156m. Total 1978 turnover is expected to reach just over SKr 1.6bn against SKr 1.37bn. If stock gains are eliminated the pre-tax loss comes out at SKr 32m against a loss of SKr 25m.

The profit deterioration during the period stems mainly from the pulp, steel and engineering operations, whose weak performance was not offset by the advances made in Iggesund's board and chemical divisions. The forest-based units turned in an operating income after depreciation of SKr 7.3m.

Higher pulp prices and better capacity utilisation should give better figures for the rest of the year, while deliveries by the steel works have also started to increase. An appreciable improvement from the seven-month operating loss of SKr 9.1m on a SKr 166m steel turnover is foreseen.

Joint venture for Cockerill

PARIS, Sept. 6.

VALLOUREC of France and Cockerill of Belgium are to merge their small-diameter welded steel pipe productions, subject to approval by the European Community and national governments.

Under a recently-signed protocol, the two companies will group their French production, involving eight plants, into a new unit in which Vallourec will have a 63.9 per cent interest and Cockerill 36.1 per cent.

At a later stage, a new company will take over the Belgian activities of the two companies.

The two new units will continue to purchase steel from members of the European Coal and Steel Community (ECSC) in order to contribute to the recovery of the sector.

AP-DJ

Treasury note offering

BONN, Sept. 6.

WEST GERMAN Finance Ministry will make an offering of six and seven year treasury notes (Bundesschatzbriefe) on September 12. The terms of the issues raises yields as much as 0.50 percentage points from yields offered investors on the current offering of treasury notes, which will expire September 11.

The new notes offer a yield at maturity of 5.44 per cent on the six-year issue compared with a 4.96 per cent on the current offer. The seven-year issue yields 5.71 per cent at maturity against the current issues maturity of 5.21 per cent.

Agencies

EUROBONDS

Banks split on Eurofranc market

BY OUR EUROMARKETS STAFF

THE REOPENING of the French franc Eurobond market is currently under consideration. The Treasury has not made any final decision and French banks are divided as to the opportunity of such a move.

While some are encouraging the Treasury to go ahead and give hte gren light, others take a more cautious attitude. They feel that there would be litle point in reopening the market only to have one or two issues floated in it every month. The same banks acknowledge that the demand for outstanding issues is strong, not least from Swiss banks.

The whole issue has been under review since earlier this summer. At that time it was felt it may have ben worth reopening the market for French borrowers. Opinion appears to hve shifted since and the idea now is that potential borrowers are more likely to be foreign names than French ones.

The idea of reopening the Eurofranc market was raised immediately after the election result in March stabilised prospects for the franc. A fear that demand would be based on speculative currency considerations remains.

The first-ever floating rate note for a Swedish bank has been launched. It is $20m for seven years (bullet) for SundsvalsBanken. A margin of a quarter of a point will be payable over inter-bank rates with the minimum rate set at 6 per cent. Crédit Suisse First Boston is lead manager.

SundsvalsBanken, which is the largest of the Swedish regional banks, wants the money for development of its international business.

The next issue in Kuwaiti dinars after the Philippines Development Bank will be for the Brazilian utility Eletrobraz. Due for launching in mid-September, the issue is expected to be KD 10m and to offer an interest rate of 8¼ per cent for a 12-year maturity with a bondholders' option to redeem after seven years. The issue would be state-guaranteed. The lead manager is Kuwait International Investment Company.

Sperry Univac withdrawal

By Our Own Correspondent

NEW YORK, Sept. 6.

SPERRY UNIVAC announced to-day that it will stop producing electronic supermarket checkout equipment owing to resistance in the retailing business and poor profitability.

It has been producing the equipment for five years using technology which it bought from RCA for $5m. The equipment scans special labels on goods which indicate price and inventory number, enabling the retailer to ring up a sale and keep track of stocks simultaneously.

RWE dividend hopes

Rheinisch-Westfaelisches Elektrizitaetswerk (RWE), West Germany's largest electric utility, expects to keep its 1978 dividend unchanged at DM8 per DM50 nominal share, Agencies report from Essen. In a letter to shareholders, RWE said its external turnover in the fiscal year ended June 30 grew by 8 per cent to DM12.83bn. Parent company turnover also rose by 8 per cent., to DM8.23bn.

French chemical industry ahead

PARIS, Sept. 6.

THE FRENCH chemical industry recorded a trade surplus of FFr 3.23bn ($745m) during the first half of this year, compared with a surplus of FFr 4.7bn for the whole of 1977, according to the Industry Federation.

French exports during the period increased 12.5 per cent to FFr 18.853bn, while imports rose 11.2 per cent. With members of the European Community, however, the industry recorded a deficit of FFr 1.52bn, with exports totalling FFr 9.6bn and imports FFr 11.181bn.

With non-EEC countries, the surplus stood at FFr 4.76bn, with exports of FFr 9.2bn and imports of FFr 4.4bn.

● Net assets of the 96 French open-end investment funds (SICAV) amounted to FFr 29.92bn ($7bn) at the end of June, slightly up on the FFr 29.9bn at the end of March, according to figures published by the Paris Bourse Commission. Of the total, FFr 22.18bn was accounted for by French ordinary shares and bonds, and FFr 5.707bn by foreign securities. The remainder was made up of mortgage bills, treasury bonds and liquidity.

Net subscriptions during the second quarter of this year amounted to FFr 127.7m, up from FFr 426.5m during the first quarter and FFr 427.4m in the same 1977 period.

AP-DJ

VONTOBEL EUROBOND INDICES

145.76=100%

PRICE INDEX	5.9.78	29.8.78	AVERAGE YIELD	5.9.78	29.8.78
DM Bonds	105.62	105.24	DM Bonds	6.534	6.607
HFL Bonds & Notes	103.00	102.86	HFL Bonds & Notes	7.786	7.827
U.S. $ Strt. Bonds	98.98	99.19	U.S. $ Strt. Bonds	8.943	8.899
Can.-Dollar Bonds	98.76	99.38	Can.-Dollar Bonds	9.589	9.457

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at August 30, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	129.40
Clive Fixed Interest Income	114.12

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel: 01-623 6314
Index Guide as at September 2, 1978

Capital Fixed Interest Portfolio	100.00
Income Fixed Interest Portfolio	100.00

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Overseas banks in Tokyo share in yen foreign loan

BY RICHARD HANSON TOKYO, Sept. 6.

FOREIGN BANKS in Tokyo will for the first time be the major participants in a yen-denominated loan to an overseas borrower from Japan. The loan at a new floating interest rate, based on the Japanese long-term prime rate.

Tokai Bank is the lead manager of the syndicate, including nine foreign banks, which will lend Y5bn for eight years to the Banque Populaire d'Algerie. The interest rate will float at a margin of 0.5 per cent above the long-term prime rate, currently 7.1 per cent, with a four years grace period before repayments start, the rate will be reviewed every six months. Final approval and signing of the loan agreement is expected by October.

Foreign banks here have to date played only minor roles in yen lending overseas. With the rate based on the long-term prime rate, and being changed frequently, rather than at a fixed rate, foreign banks largely avoid the risk of having local short-term borrowing rates rise above the lending rate. Foreign banks rely mostly on short-term yen funds to finance their operations.

The foreign banks will take Y3bn of the loan with Tokai Bank and Chiyoda Life Insurance, a member of Tokai's industrial grouping, handling the rest.

In previous cases of foreign participation in yen loans, only one foreign bank has been invited among ten or more Japanese banks.

Foreign bankers participating in the yen loan hope that this type of activity can be expanded, to make up in part for the sluggishness of traditional areas of business in Japan, such as making dollar loans

There remains some doubt, however, over how much lending of this kind will be generated, because of competition from Japanese banks. It is also generally agreed that the Finance Ministry, which approved the participation by foreigners in the comparatively small Algerian loan, will not allow a foreign bank or banks to take the lead in a yen loan syndicated for an overseas borrower.

The participating foreign banks are the First National Bank of Boston, Chemical Bank, Continental Illinois Bank, Irving Trust and Manufacturers Hanover, from the U.S., along with Banco Commerciale Italiano, Deutsche Bank, UBAF and Banque Nationale de Paris.

Tokai Bank said that the selection of foreign banks to make up the syndicate was not based on any lack of funds among Japanese banks. Bringing them in was one way of reciprocating previous business involvements.

The Y5bn loan will be used in an agricultural development project in Algeria. The project involves an irrigation dam estimated to cost about $85m (some Y16bn). The remainder of the funds, $60m, will be lent by a 22-bank syndicate for eight years, led by Interunion Bank, based in Paris, and including Tokai Bank Nederland NV.

E. L. Bateman sets record

BY JIM JONES JOHANNESBURG, Sept. 6.

SOUTH AFRICAN mechanical and electrical engineering group E. L. Bateman, has reported record operating profits for the year to June 30, last, fuelled by the boom in capital expenditure by the mining sector. After a pedestrian first half performance which saw pre-tax profits only marginally better at R1.9m, the year's total has been boosted from R4.8m in 1977 to R5.3m ($6.1m).

At the time of the last annual report, fears were expressed that earnings would peak in 1978 as many of the group's contracts written in more buoyant times were completed. In the event, Bateman has increased emphasis on the export markets with the additional spin-off that the year's effective tax rate has been cut from 38.6 per cent to 33.4 per cent, largely due to export incentives.

Earnings per share of 138 cents, against 112 cents in 1977, were in line with Johannesburg expectations.

Financier for trial on bank fraud charges

By James Bartholomew

Mr. Amos Dawe, a financier most of whose business activity has been in the Far East, will stand trial in San Francisco on October 10 on charges of defrauding three California banks of $1.3m.

Mr. Dawe surrendered himself to U.S. government officials last week at San Francisco International Airport on arrival from Taiwan. His extradition to the U.S. had been sought since July 1977 when a Grand Jury accused him of fraudulently using funds from the three small California banks to support his international business empire.

Mr. Dawe is currently involved in litigation against the Moscow Narodny Bank, the Russian owned bank, in the British courts. Moscow Narodny financed many of Mr. Dawe's deals.

Mr. Dawe's lawyer, Mr. James Moore, applied for a delay before the trial in order to prepare an adequate defence. "Complicated international banking transactions are involved in the charge," he said. But the district court judge in San Francisco, Judge Robert Schnacke, rejected the request.

Mr. Moore said that Mr. Dawe's life had been threatened and his client believed his life to be in danger.

Sound growth at Malayswata

By Wong Sulong

KUALA LUMPUR, Sept. 5.

MALAYSWATA BERHAD, the biggest steel company in Malaysia, reported a satisfactory year ending March, with net profit rising from 8.1m ringgits to 8.9m ringgits (U.S.$3.9m).

The company, which produced 150,000 tonnes of steel products during the year, pointed out that its profits would have been higher had it not been for the Government's control of the price of steel, which has not risen for the past five years.

The company's increase in profits resulted from improved productivity, and took place in spite of higher costs for raw materials and services.

HONGKONG WHARF

A closing of the ranks

BY RON RICHARDSON IN HONG KONG

THE ANNOUNCEMENT yesterday of the purchase by shipping magnate Sir Yue-Kong Pao and his family of a major holding in the asset-rich Hongkong and Kowloon Wharf and Godown Company for an estimated HK$450m (some US$95m) is being seen here as a closing of ranks by relatively conservative, British business interests against a takeover attack by more aggressive Chinese entrepreneurs.

It also marked the end of an unsuccessful but highly profitable takeover exercise by the rapidly expanding Cheung Kong (Holdings). Cheung Kong today revealed that it had begun buying Hongkong and Kowloon Wharf shares at the end of March with the intention of gaining control.

By mid-July it had built up a holding of 10m shares, representing about 11 per cent of the wharf equity. However, because of the rapid rise in the Hong Kong stock market, which inflated the price of Wharf shares, Cheung Kong decided the operation would be too costly. As a result it then sold its entire holding of Wharf shares in deals which have left the property developer with a capital profit estimated to be in excess of HK$100m.

The identity of the buyers of the shares, which were sold both on and off the market, has not been revealed. However, the revelation that private companies controlled by Sir Yue-Kong and his family had recently acquired "between 15 and 20 per cent" of the wharf equity, leaves little doubt that they took the bulk of the shares.

Although Sir Yue-Kong is ethnically Chinese and, as the largest independent oil tanker owner in the world heavily involved in an industry which in Hong Kong is Chinese-dominated, his business connections are strongly with the British oriented sector.

Hongkong and Kowloon Wharf and Godown is certainly a part of that British establishment. Traditionally the chairman of the Wharf company is the chairman of Jardine, Matheson and Co. Mr. David Newbigging is the current encumbent of both positions. Other board members include Mr. P. G. Williams, deputy chairman of Hongkong and Shanghai Banking Corporation, Mr. John Marden, chairman of Wheelock Marden and Co., Mr. Horace Kadoorie, of China Light and Power Company and Sir Yuet-Keung Kan senior unofficial member of the Hong Kong Executive Council.

News that Sir Yue-Kong Pao and his family have acquired a stake of 15 per cent to 20 per cent in Hongkong Wharf has been followed by the announcement that Cheung Kong (Holdings) sold its 11 per cent stake in Wharf in July. In Hong Kong the moves are seen as a closing of British interests against a takeover attack by Chinese businessmen.

They will now be joined by Sir Yue-Kong Pao and his son-in-law Mr. Peter K. C. Woo. Sir Yue-Kong will be no stranger to Newbigging, Williams and Marden as he is a co-director with them of Hongkong and Shanghai Banking Corporation (HSBC). It is this connection with the bank which has helped Sir Yue-Kong find the huge cash outlay for the purchase of up to 18m Wharf shares.

The HSBC is already heavily involved in Pao's shipping operations. It holds around 21 per cent of Eastern Asia Navigation, the main listed company in Pao's World-Wide Shipping Group, and is in partnership in a number of off-shore companies.

One possible consideration in the financing of the share purchase is that the Pao companies will receive a huge infusion of liquidity if the Japanese government goes ahead with its proposal to finance the repurchase by Japanese shipping companies of some of their chartered flag-of-convenience vessels. Pao is the largest owner of these Shikumisen ships with 79 vessels, representing about 55 per cent of World-Wide Shipping's total tonnage, on charter to either Japan Line or Sanko Steamship.

It has been speculated Pao, who is a shipping investor rather than a shipping operator, could take this opportunity to move some of his and his companies' assets into property investments.

His statement that he intends to hold his stake in the Wharf company as a long-term investment would seem to confirm this.

It also fitted in well with the aversion the British-oriented institutions here felt at the prospect of Cheung Kong and other Chinese controlled development companies taking over Hongkong and Kowloon Wharf and gaining control of its large stock of choice waterfront redevelopment sites in Kowloon.

The statement by Cheung Kong chairman Mr. Li Ka-Shing that his company had been a heavy buyer of the Wharf shares largely confirmed the speculation that had been rife in the stock-market for the past few months that a syndicate of Chinese companies, said to include Cheung Kong and Sun Hung Kai Properties, had been building up a big position in Hongkong and Kowloon Wharf.

This market activity saw the Par HK$10 shares rise from around HK$14 in March to HK$46 on Monday. It was also one of the factors which sparked the current stockmarket boom here.

Mercantile Mutual lifts profits and payout

BY OUR OWN CORRESPONDENT SYDNEY, Sept. 6.

DESPITE A large underwriting deficit, Mercantile Mutual Insurance Company has reported a record profit of A$6.06m (U.S.$7m), up 15 per cent from the A$5.27m for the year to June 30.

The annual dividend is to rise from 16 cents to 18 cents a share after a final payment up 2 cents to 10 cents a share. This will be paid on capital increased by last year's one-for-eight centenary scrip issue, and is effectively 26.5 per cent higher than last year's ordinary payout. Last year's ordinary distribution was augmented, however, by a special centenary dividend of 4 cents a share, bringing the annual total to 20 cents a share.

Directors described the premium increase of 11.7 per cent to A$73.15m from general insurance as "satisfactory in the light of the extremely competitive state of the market."

The company's underwriting deficit of A$5.16m was caused mainly by changes to the Workers Compensation Act, and compared with a surplus of A$2.22m last year. The directors said that the deficit would have been decreased by A$4m, less an indeterminate amount for re-insurance and other adjustments, had the company followed Government advice on budgeting on the changes but they had decided to adopt a conservative approach and to provide for the full amount of cover required before the changes.

The company's subsidiaries all produced good results, according to the directors. New life sums assured by Mercantile Mutual Life rose by 39 per cent to A$250m and new annual premiums increased 49 per cent to A$3.5m.

Overprovsion for tax last year resulted in a net tax credit of A$1.16m, compared with last year's bill of A$4.8m

MYSON

GROUP LIMITED

Interim Statement

Unaudited profits amounted to £729,420 for the half year to 30th June, 1978, compared with a loss of £431,908 for the first six months of the previous year.

The Directors declare an Interim Dividend of 12½%.

Sales for the first half year amounted to £23.85 million showing an increase of 22% over the same period last year. The higher level of sales is continuing into the second half and will be improved by the production now emanating from the new Cardiff radiator plant and by the improvements made to the French manufacturing facility.

Given continuance of the good industrial relations experienced in the first half, a further improvement in profitability should be seen in the second six months.

TRADE INDEMNITY COMPANY LIMITED

Interim Report by the Chairman, Mr. K. M. Bevins, CBE, TD, on the six months ended 30 June 1978

The Directors have declared an Interim Dividend of 3.46269 pence per Ordinary Share in respect of the financial year which will end on 31 December 1978. This Dividend carries a Tax Credit of 1.70550 pence, making a total of 5.16819 pence per share. The Interim Dividend for 1977 was 3.07155 pence per share.

Following the reduction in the rate of Advance Corporation Tax, the Directors have also declared an Additional Interim Dividend of 0.08072 pence per Ordinary Share which, with the Tax Credit of 0.03978 pence, amounts to 0.12050 pence per share. This Dividend is in place of the extra amount which would have been declared as part of the 1977 Final Dividend had the reduction in the rate of Advance Corporation Tax been known at that time. The Additional Interim Dividend declared at this time last year was 0.07336 pence per share.

Both Dividends will be paid on 2 November next to Shareholders in the Register at the close of business on 23 October.

PREMIUMS WRITTEN on the three open Underwriting Accounts in the first half of 1978 totalled £9,659,000, an increase of 4.2 per cent. on the comparable figure for the first half of 1977.

THE 1976 UNDERWRITING ACCOUNT at 30 June 1978, after making provision for all known claims, showed a credit balance of £2,049,000. This compares with a credit balance of £1,236,000 on the 1975 account at the same stage a year ago.

THE 1977 UNDERWRITING ACCOUNT showed at 30 June 1978 a credit balance of £2,035,000 after making provision for all known claims. The credit balance on the 1976 Account a year ago was £2,109,000, including at that time the sum of £500,000 transferred from Profit and Loss Account at the end of the first year of the Account. This transfer was written back to the Profit and Loss Account at the end of the second year of the 1976 Account.

All balances exclude the Underwriting Contingency Reserve of £500,000 created at the end of last year.

As anticipated, the Company's premiums written on the three open Underwriting Accounts have been affected by lower world prices and the generally lower value of sales transacted by policy-holders. The 1976 and 1977 Underwriting Accounts have progressed most satisfactorily. The 1978 Underwriting Account, however, has so far borne the brunt of the fall in premiums written but, with thirty months still to run before its closure at the end of 1980, it is too early to form any definite view as to its outcome.

5 September 1978.

ATLANTIC INTERNATIONAL BANK LIMITED

ANOTHER RECORD YEAR

RESULTS

Mr Hilton S Clarke, chairman, reports that pre-tax profits for the year ended June 30th 1978 increased by 26 per cent to £886,000 (£701,000)

FINANCIAL HIGHLIGHTS

	June 30th 1978
Total Assets	£135,059,965
Loans & Advances	£82,797,911
Capital & Debenture Funds	£7,485,879
Pre-tax Profits	£885,984

ACTIVITIES

International banking with particular emphasis on medium term loans and Euro-currency finance, with loans extended to 37 countries.

SHAREHOLDERS

Manufacturers National Bank of Detroit
Shawmut Bank of Boston
Banco di Napoli
F van Lanschot Bankiers

COPIES OF THE REPORT AND ACCOUNTS MAY BE OBTAINED FROM:
The Secretary, Atlantic International Bank Limited,
65-66 Queen Street, London EC4R 1EH. Tel: 01-248 9001.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	97½	98½
AMEV 8pc 1987	94½	95¼
Australia 8½pc 1992	94	94½
Australian M & S. 9½pc 92	95½	96½
Barclays Bank 8½pc 1992	93½	94½
Bowater 9½pc 1992	95½	99
Can. N. Railway 8¾pc 1986	93½	96
Credit National 8½pc 1986	97	97½
Denmark 8¾pc 1984	97½	98½
ECS 9pc 1993	99½	100
ECS 8¾pc 1997	95½	96
EIB 8½pc 1992	95½	96½
EMI 9½pc 1989	95½	99
Ericsson 8½pc 1989	96½	97½
Esso 8pc 1986 Nov.	99	99½
Gt. Lakes Paper 8½pc 1984	98½	99
Hamersley 9½pc 1992	100½	101½
Hydro Quebec 9pc 1992	96½	97½
ICI 8½pc 1987	95½	96
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	97½	98½
Massey Ferguson 9½pc '91	97½	98½
Michelin 9½pc 1988	99½	100
Midland Int. Fin. 8½pc '92	97½	98
National Coal Bd. 8pc 1987	93½	94½
Natl. Westminster 9pc 1986	99½	100½
Natl. Wstmnstr. 9pc '86 'B'	101½	102½
Newfoundland 9pc 1989	99½	100
Nordic Inv. Bank 8½pc 1988	97½	98½
Norges Kom. Bk. 8½pc 1992	95½	96½
Norpipe 8½pc 1989	96½	97
Norsk Hydro 8½pc 1992	95	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	97½	99
Prov. Quebec 9pc 1995	97½	97½
Prov. Saskatchwn. 8½pc '86	97½	98½
Reed International 9pc 1987	93½	95½
RHM 9pc 1992	94½	95
Selection Trust 8½pc 1989	91½	92½
Shell Intl. Fin. 8½pc 1990	95	95½
Skand. Enskilda 9pc 1991	99	99½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	95½	96
United Biscuits 9pc 1989	97½	98
Volvo 8pc 1987 March	93½	94½
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	98	98½
Montreal Urban 8½pc 1981	99	99½
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8½pc '83	98	98½
New Zealand 8½pc 1986	95½	96½
Nordic Inv. Bk. 7½pc 1984	94	94½
Norsk Hydro 7½pc 1982	95½	96½
Norway 7½pc 1982	94½	95
Ontario Hydro 8pc 1987	93½	94½
Singer 8½pc 1982	98½	99½
S. of Scot. Elec. 8½pc 1981	98	98½
Sweden (K'dom) 7½pc 1982	95½	96
Swedish State Co. 7½pc '82	95½	96½
Telmex 9½pc 1984	97½	98½
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	94½	95

NOTES	Bid	Offer
Australia 7½pc 1984	92½	93½
Bell Canada 7½pc 1987	95	95½
Br. Columbia Hyd. 7½pc '85	93½	94½
Can. Pac. 8½pc 1984	97½	98½
Dow Chemical 8pc 1986	95½	96½
ECS 7½pc 1982	94½	95½
ECS 8½pc 1989	94½	94½
EEC 7½pc 1982	93½	95
EEC 7½pc 1984	91½	95
Enso Gutzeit 8½pc 1984	95½	96½
Gotaverken 7½pc 1982	93½	96

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc 1990	89½	90½
Citicorp 10pc 1993	91½	92½
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	92½	93½
EIB 9½pc 1988	87½	88½
EIB 9½pc 1992	90	91
Finance for Ind. 9½pc 1987	91	92
Finance for Ind. 10pc 1989	94½	95½
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	93	94
INA 10pc 1988	91½	92½
Rowntree 10½pc 1988	92½	93½
Sears 10½pc 1988	92	93
Total Oil 9½pc 1984	89½	90½

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	94½	95½
BNDE 6½pc 1986	97	98
Canada 4½pc 1983	98	99
Den Norske Ind. Bk. 6pc '90	99½	100½
Deutsche Bank 4½pc 1983	98	99
ECS 5½pc 1990	93	94
EIB 5½pc 1990	93	94
Elf Aquitaine 5½pc 1988	93	94
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	95½	96½
Forsmarks 5½pc 1990	96½	97½
Mexico 6pc 1985	94	97
Norcem 5½pc 1989	98	99
Norway 4½pc 1983	98½	99½
Norway 4½pc 1983	96½	97½
PK Banken 5½pc 1988	95	96
Prov. Quebec 6pc 1990	97	98
Rautaruukki 5½pc 1988	94	95
Spain 6pc 1988	93½	97½
Trondheim 5½pc 1988	95	96
TVO Power Co. 6pc 1988	96½	97½
Venezuela 6pc 1988	93	96
World Bank 5½pc 1990	96½	97½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99	99½
BFCE 1984 9⅞pc	99½	99½
BNP 1983 9⅛pc	99½	100½
BQE Worms 1985 9pc	95	95½
CCF 1985 8½pc	98½	98½
Chase Manhttn. '93 9⅛pc	97½	98½
Creditanstalt 1984 8½pc	99	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 9½pc	99½	100½
Intl. Westminster 1984 8pc	98½	99½
Lloyds 1983 8[15/16]pc	99½	100½
LTCB 1983 9[1/16]pc	99½	99½
Midland Int. FS '87 8[9/16]pc	98½	99½
Midland Int. FS '93 9[7/16]pc	98½	99½
Nat. Westminstr. '90 9[5/16]pc	99	99½
OKB 1983 9½pc	99½	100½
SNCF 1985 9[5/16]pc	99	99½
Std. and Chtrd. '84 9[5/16]pc	99½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	81	82½
Babcock & Wilcox 7pc '92	113½	115½
Beatrice Foods 4½pc 1992	102½	104
Beatrice Foods 4½pc 1992	120	121½
Beecham 6½pc 1992	111½	112½
Borden 5pc 1992	97	98½
Broadway Hale 4½pc 1987	74½	76
Carnation 4pc 1987	78	77½
Chevron 5pc 1988	144	145½
Dart 4½pc 1987	83	84½
Eastman Kodak 4½pc 1988	89	90½
Economic Labs. 4½pc 1987	78	79½
Firestone 5pc 1988	78½	80
Ford 5pc 1988	83½	85
General Electric 4½pc 1987	85½	87
Gillette 4½pc 1987	76½	78
Gould 5pc 1987	1[illegible]	
Gulf and Western 5pc 1988	89	90½
Harris 5pc 1992	216	218
Honeywell 6pc 1986	87	88½
ICI 6½pc 1992	93½	94½
INA 6pc 1997	97½	99
Inchcape 6¾pc 1992	113	114½
ITT 4½pc 1987	79	80½
Jusco 6pc 1992	143	144
Komatsu 7½pc 1990	143	145
J. Ray McDermott 4½pc '87	149	151
Matsushita 6½pc 1990	189	191½
Mitsui 7½pc 1990	132½	133½
J. P. Morgan 4½pc 1987	100	101½
Nabisco 5½pc 1988	102½	104
Owens Illinois 4½pc 1987	124½	126
J. C. Penney 4½pc 1987	76	77½
Revlon 4½pc 1987	139	140½
Reynolds Metals 5pc 1988	86½	88
Sandvik 6½pc 1988	115½	117½
Sperry Rand 4½pc 1987	98	99½
Squibb 4½pc 1987	83	84½
Texaco 4½pc 1988	77	78½

Source: Kidder, Peabody Securities.

NOTICE OF REDEMPTION

U.S. Rubber Uniroyal Holdings Société Anonyme

6¼% Guaranteed Sinking Fund Debentures due 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of April 1, 1967, there will be redeemed for account of the Sinking Fund on October 1, 1978 (the "Redemption Date") $401,000 principal amount of the 6¼% Guaranteed Sinking Fund Debentures due 1982 (the "Debentures"), at the redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date.

The serial numbers of the Debentures which have been selected for redemption (each bearing the prefix letter "M") are:

26	1529	2508	3189	3810	4214	4983	7528	9590	10582	11412	12035	13143	15010	16037	16709	17792
33	1553	2518	3199	3834	4223	4949	7595	9792	10605	11448	12043	13160	15195	16052	16728	17819
199	1601	2527	3265	3852	4228	5007	7732	9825	10632	11477	12066	13181	15270	16066	16739	17861
283	1669	2534	3359	3882	4240	5125	7856	9898	10664	11515	12070	13335	15318	16088	16806	17898
345	1703	2553	3389	3915	4249	5172	8037	9916	10755	11535	12126	13364	15410	16107	16823	17964
362	1851	2601	3409	3917	4425	5185	8197	9928	10771	11552	12156	13384	15489	16124	16857	17977
375	1862	2625	3440	3924	4477	5255	8599	9946	10822	11562	12226	13402	15523	16138	16902	18480
465	1905	2632	3446	3931	4488	5258	8616	9950	10945	11578	12238	13419	15538	16178	16909	18605
518	1913	2643	3449	3934	4502	5416	8670	9978	10959	11641	12251	13549	15569	16218	16950	18744
523	1959	2652	3463	3946	4534	5444	8755	9981	10990	11670	12259	13591	15584	16236	16965	18784
547	1970	2710	3481	3982	4535	5649	8790	10024	11029	11699	12273	13634	15606	16331	17048	18973
574	1977	2726	3495	4041	4539	5684	8947	10060	11066	11711	12282	13672	15704	16342	17075	19004
698	2029	2750	3515	4060	4587	5694	9027	10080	11107	11725	12293	13826	15720	16366	17148	19128
747	2040	2820	3516	4067	4609	5767	9083	10087	11116	11774	12307	13853	15738	16375	17165	19250
788	2182	2865	3534	4071	4621	5976	9061	10185	11146	11780	12315	13878	15762	16396	17245	19299
915	2202	2966	3568	4077	4637	6088	9085	10238	11159	11792	12325	13942	15771	16412	17270	19363
916	2256	2978	3582	4126	4655	6230	9100	10313	11190	11805	12368	14126	15801	16429	17309	19602
976	2399	3020	3632	4133	4703	6408	9143	10317	11209	11836	12508	14209	15822	16442	17341	
1107	2417	3060	3639	4148	4708	6736	9155	10355	11262	11869	12789	14354	15845	16466	17364	
1182	2427	3068	3643	4155	4820	6751	9293	10369	11338	11903	12835	14422	15909	16477	17406	
1224	2434	3076	3644	4177	4862	6870	9311	10381	11358	11914	12891	14461	15930	16490	17483	
1325	2444	3088	3702	4178	4892	7093	9318	10425	11365	11938	12921	14506	15938	16573	17671	
1452	2476	3123	3775	4201	4921	7363	9398	10482	11394	11980	12954	14622	15993	16669	17771	
1458	2501	3131	3787	4209	4926	7388	9440	10549	11401	11990	13109	14772	16012	16682	17779	

On and after the Redemption Date the Debentures designated above will become due and payable upon presentation and surrender thereof, with all coupons maturing subsequent to October 1, 1978, attached, either, at the option of the holder, at the office of Chemical Bank, by mail: P.O. Box 25983, Church Street Station, New York, New York 10249 or by hand: Corporate Tellers, 55 Water Street—Room 234, 2nd Floor North Building, New York, New York 10041, or at the office of Mees and Hope in Amsterdam, the office of Société Générale de Banque S.A. in Brussels, the office of Deutsche Bank A.G. in Frankfurt, the office of Hambros Bank Limited, Samuel Montagu & Co., Ltd., and S. G. Warburg & Co. Limited in London, the office of Banque Générale du Luxembourg, S.A. in Luxembourg, the office of Banco Nazionale del Lavoro in Milan and the office of Crédit Lyonnais in Paris.

Interest on the Debentures so designated for redemption shall cease to accrue on and after the Redemption Date. All coupons maturing after said date which appertain to such Debentures shall be void. Coupons maturing on October 1, 1978, should be detached and surrendered for payment in the usual manner.

U.S. Rubber Uniroyal Holdings Société Anonyme
By: Chemical Bank, *Trustee*

DATED: August 31, 1978

هكذا من الأصل

We deliver

Map by George Philip and Son Ltd. © 1978.

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CONTRACTS AND TENDERS

GOVERNMENT OF CHAD
PRESELECTION OF BIDDERS
SEDIGI-N'DJAMENA PIPELINE

The Republic of Chad has applied for a credit from the International Development Association (IDA) and other aid agencies to help finance a petroleum development project supported by oil companies active in exploration in Chad. The project aims at meeting part of internal demand for oil products and consists of bringing into production one of the oil hearing fields already discovered, of constructing a pipe line for crude transportation and of building a *refinery in n'Djamena*.

The pipe line will link the Sedigi Field, situated on the northern part of Chad Lake about 250 km away from n'Djamena, to the refinery. It will be 350 km long, the diameter will be 6 inches or less to allow for a maximum annual flow of 1 million barrels of crude, without intermediate pumping stations under normal operation. However, since the crude has a high wax content, the line will be divided into several sections with scraper traps at the ends together with foundations for pumping equipment of temporary use.
The route will cross semi-desert area without special points nor *altimetric difference between extremities Soil characteristics will* facilitate ditching but adverse conditions may prevail for trucking and joining pipe line route, since no roads exist in the northern part of the route.

Detail engineering—following site investigation—supply/transportation and laying of pipes, supply/transportation and implementation of all equipment, including cathodic protection and telecom system will be soon procured following international competitive bidding for a turn key contract extending to start-up and design flow operation together with a training programme for local operational teams.

Potential engineering, suppliers and contractors who wish to be called for a joint offer, possibly extending a suppliers' credit, are invited to register their names, qualifications and references indicating who will lead their joint venture, in a letter addressed to: Monsieur le Ministre de l'Economie, du Plan et des Transports, Palais du Gouvernement, n'Djamena Tchad not later than September 30, 1978.

A copy will be addressed to project consultants:

BEICIP
BOITE POSTALE 213
92505 RUEIL-MALMAISON
CEDEX—FRANCE—
TEL: (1) 749.71 71. TLX. BEFRAG 690212F

BEICIP shall provide, on request, additional information on the project and also a questionnaire to help reply to the present bidders prequalification procedure.

PUBLIC NOTICES

COMPANY NOTICES

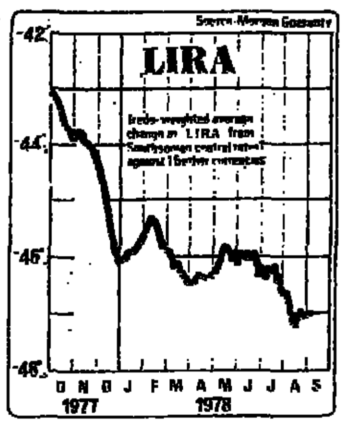
LEGAL NOTICES

CLUBS

Currency, Money and Gold Markets

Dollar nervous: pound steady

THE DOLLAR moved rather erratically in yesterday's foreign exchange market, seeming to lack any positive direction. The U.S. currency opened firmer against many currencies with most movement tending to reflect the Swiss franc/dollar rate. During the afternoon trading became a little thinner and the dollar began to weaken, although it finished above its worst levels for the day. Federal chairman G. William



Miller stated that the dollar would continue to have problems if Congress did not act on the energy situation, and this hardly helped sentiment.

Most movement took place against the Swiss franc which opened at SwFr 1.6070 in dollar terms but rose at one point to SwFr 1.6370 before closing at SwFr 1.6100 compared with SwFr 1.6200 on Tuesday. The West German mark improved slightly to DM 1.9810 from DM 1.9830 having been up to DM 1.9770 during the day. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed slightly to 9.1 per cent from 9.2 per cent previously.

Sterling opened at $1.9420 1.9430 and during the morning eased to $1.9355 before closing at $1.9420-1.9430, unchanged from its opening level and Tuesday's close. On Bank of England figures, sterling's trade weighted index remained at 62.3, having stood at 62.2 at noon and early dealings.

FRANKFURT—The dollar was fixed at DM 1.9853, slightly better than its early morning level of DM 1.9820 and compared with Tuesday's fixing of DM 1.9790. Market sources suggested that Middle East peace talks being held at the moment were having some dampening effect on dealings. In later trading the dollar fell to DM 1.9820 with some dealers suggesting this as a floor level for the time being. Against 22 currencies the Bundesbank trade-weighted mark revaluation index eased slightly to 147.4 from 147.5, a rise of 2.0 per cent from the end of 1977.

ZURICH—Initial activity saw the dollar move firmer, possibly gaining some impetus from a narrower balance of payments surplus registered by West Germany. However the trend was soon reversed and the dollar weakened in fairly active dealins. Market sentiment still remains pessimistic bearing in mind the rather gloomy economic outlook in the U.S. At mid-morning the dollar was quoted at SwFrs 1.6277½ and DM 1.9848½, which was down from the morning peak of DM 1.9870.

PARIS—The dollar closed little changed from its morning levels against the French franc in relatively calm trading. News of a FFr 15bn budget deficit for 1979 had largely been discounted by the market. The U.S. currency was quoted at FFr 4.3445 compared with a high for the day of FFr 4.3595 and Tuesdays level of FFr 4.3400. The Swiss franc was slightly easier at FFr 2.6750 against FFr 2.6940 previously.

MILAN—The dollar rose against the lira in fairly light trading and was quoted at L832.70 up from Tuesday's fixing of L831.05. The Swiss franc however eased in lira terms from L517 to L516.

AMSTERDAM—The dollar was fixed at Fl 2.1560 compared with Tuesday's fixing of Fl 2.1480.

TOKYO—In rather subdued trading, the dollar eased slightly at the close against the Japanese yen. The U.S. currency finished at Y189.625 compared with Tuesday's close of Y189.80. After opening at Y189.90, the dollar traded narrowly between Y189.35 and Y190.0. Volume was light with spot dealings accounting for $447m and combined forward and swap trading amounted to $799m.

THE POUND SPOT

FORWARD AGAINST £

THE DOLLAR-SPOT

FORWARD AGAINST $

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER MARKETS

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Sept. 6	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.943	3.850	370.0	8.435	3.150	4.180	1616.	2.241	60.55
U.S. Dollar	0.515	1.	1.983	190.5	4.342	1.611	2.152	831.1	1.154	31.17
Deutsche Mark	0.260	0.505	1.	96.10	2.191	0.813	1.056	419.4	0.582	15.73
Japanese Yen 1,000	2.705	5.250	10.41	1000.	22.80	8.459	11.30	4364.	6.057	163.6
French Franc 10	1.186	2.303	4.564	438.6	10	3.711	4.958	1914.	2.657	71.78
Swiss Franc	0.319	0.621	1.230	118.2	2.695	1.	1.336	515.8	0.716	19.35
Dutch Guilder	0.239	0.465	0.921	88.52	2.018	0.749	1.	386.2	0.536	14.49
Italian Lira 1,000	0.619	1.203	2.385	229.2	5.225	1.939	2.589	1000.	1.388	37.50
Canadian Dollar	0.446	0.867	1.718	165.1	3.764	1.397	1.865	720.4	1.	27.02
Belgian Franc 100	1.652	3.208	6.358	611.1	13.93	5.169	6.903	2666.	3.701	100.

EURO-CURRENCY INTEREST RATES*

Sept. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	15⅝-16⅝	8¼-8½	8½-9¼	4⅞-5⅛	[illegible]	3⅛-3⅜	7⅝-7⅞	12-16	—	1⅞-3⅞
7 day's notice	12¾-13¼	8⅜-8⅝	8¾-9¼	4⅞-5⅛	[illegible]	3⅜-3⅝	7⅝-7⅞	12¼-13¼	8½-8⅝	⅛-2⅛
Month	12⅜-12⅝	8-8¼	[illegible]	4¾-5	[illegible]	3⅜-3½	8¼-8½	11½-12½	[illegible]	[illegible]
Three months	[illegible]	8¾-9	9-9⅜	[illegible]	[illegible]	[illegible]	8¾-9	12¼-13¼	[illegible]	[illegible]
Six months	[illegible]	9-9¼	[illegible]	[illegible]	1-1⅛	[illegible]	9⅛-9⅜	13¾-15¾	9⅛-9¼	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13½-14½	9¼-9⅜	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.45-8.55 per cent; three months 8.70-8.80 per cent; six months 8.95-9.05 per cent; one year 9.05-9.15 per cent.
Long-term Eurodollar deposits: two years 9⅜-9⅞ per cent; three years 9½-9¾ per cent; four years 9⅝-9⅞ per cent; five years 9⅝-9⅞ per cent nominal closing rate. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates lower

Treasury bills were quoted sharply lower yesterday with 13-week bills at 7.58 per cent compared with 7.63 per cent on Tuesday and 26-week bills easing to 7.67 per cent from 7.72 per cent. One-year bills were also easier at 7.84 per cent from 7.86 per cent. Federal funds were trading at 8⅝ per cent after 8¼ per cent and the Federal reserve intervened in the market by making reverse overnight repurchase agreements.

Bankers acceptance offered rates slightly higher at 30 days at 8.10 per cent from 8 per cent previously. Sixty-days rose to 8.15 per cent from 8.05 per cent while the 90-day rate was firmer at 8.20 per cent against 8.05 per cent. *Similarly 120-day rose to 8.30 per* cent from 8.25 per cent and the rate for 150-days stood at 8.35 per cent against 8.30 per cent. 180-day rates were higher at 8.40 per cent compared with 8.35 per cent previously. High grade commercial paper rose to 8.125 per cent for 30-days from 7.95 per cent while 60-day paper was quoted at 8.20 per cent from 8 per cent. The 90-day rate also rose to 8.25 per cent against 8.05 per cent previously.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 5½-6½ per cent for call money, unchanged from Tuesday, as were the one and three-month rates at 6⅜-6⅝ per cent and 7¼-7½ per cent respectively. Six-month deposits were slightly firmer at 7⅜-7⅝ per cent from 7¼-7½ per cent, while the one-year rate stayed at 7⅜-7⅝ per cent. In the week ending September 4, the Belgian Central Bank foreign exchange reserves fell BFr 1.005bn to BFr 86.325bn. However it was stressed that a large part of this fall was not due to any intervention in support of the Belgian franc. Call money fell sharply to 4.65 per cent from 5.65 per cent on Tuesday.

FRANKFURT — Interbank money market rates were again unchanged from 3.5 per cent for call money through to 4.05 per cent for six-month money. The Bundesbank decided not to hold a conference after the fortnightly meeting of the Central Bank Council. This is normally taken as an indication that no credit policy action will be taken.

AMSTERDAM — Interbank money market rates were generally easier with call money at 4½-5½ per cent compared with 5-5½ per cent and one-month funds falling to 5¼-5½ per cent from 5¼-5⅝ per cent. Three-month funds were also down at 6⅛-6⅜ per cent against 6⅜-6½ per cent while six-month money eased to 6⅜-6⅝ per cent from 6½-6⅞ per cent.

PARIS—Money market rates showed little change from Tuesday with day-to-day funds at 7¼ per cent, one-month at 7¼-7⅜ per cent, three-month 7⅜-7½ per cent, six-month 7⅞-7⅞ per cent and 12-month 8⅛-8¼ per cent.

HONG KONG—Conditions in the money market were tight with call money at 5⅞ per cent compared with 5⅞ per cent on Tuesday and overnight business at 6 per cent from 5⅞ per cent previously.

UK MONEY MARKET

Free credit supply

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day to day credit was again in good supply in the London money market yesterday and the authorities mopped up the surplus by selling a moderate amount of Treasury bills all direct to the discount houses. This may have been slightly overdone with the likelihood of banks carrying forward run down balances to today.

Discount houses were paying 8¼-8½ per cent for secured call loans at the start and closing balances were taken between 7 per cent and 8¼ per cent.

The market was faced with banks bringing forward run down balances and a small net take-up of Treasury bills. On the other hand there was a modest excess of Government disbursements over revenue transfers to the Exchequer and a small fall in the note circulation.

In the interbank market overnight loans opened at 8½-8¾ per cent and on news of a slight surplus, eased to 8-8¼ per cent. Rates soon firmed however to 8½-8¾ per cent before easing back to 7-7½ per cent. With some demand for late balances, rates closed around 10 per cent. Activity now seems to have subsided generally with little enthusiasm to take new positions ahead of what many people see as an inevitable October general election.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

GOLD

Firmer trend

Gold improved $3½ an ounce in the London bullion market yesterday to close at $212¾-213¼. After opening at $212¼-213, the metal touched a low for the day at $210¾-211¼ just before the morning fixing of $211.75. By the afternoon it had improved a little to be fixed at $212.00. However, trading elsewhere saw the metal lose ground after the close of business in London.

In Paris the 12½-kilo bar was fixed at FFr 29,370 per kilo ($210.07 per ounce) compared with FFr 29,450 ($210.63) in the morning and FFr 29,375 ($210.98) on Tuesday afternoon.

In Frankfurt the 12½-kilo gold bar was fixed at DM13,580 per kilo ($212.37 per ounce) compared with DM 13,420 ($210.93) on Tuesday.

	Sept. 6	Sept. 5
Gold Bullion (a fine ounce)		
Close	$212¾-213¼	$209¼-210¼
Opening	$212¼-213	$211¾-212¼
Morning fixing	$211.75 (£109.279)	$211.20 (£108.588)
Afternoon fixing	$212.00 (£109.165)	$209.45 (£107.765)
Gold Coins domestically		
Krugerrand	$219-221 (£112¾-113¾)	$218¼-219¼ (£111½-112½)

MONEY RATES

NEW YORK

GERMANY

FRANCE

JAPAN

WORLD STOCK MARKETS

Wall St. 10 higher in heavy early trading

INVESTMENT DOLLAR PREMIUM
\$2.60 to £1—91½% (91½%)
Effective \$1.9125—42¾% (43¼%)

STOCKS ON Wall Street staged a widespread advance in heavy trading yesterday morning.

The Dow Jones Industrial Average, following Tuesday's rise of 7 points, strengthened 10.22 more to 896.83 at 1pm. The NYSE All Common Index moved ahead 02 cents further to \$59.33, while rises outpaced declines by better a three-to-one margin. There was a sharp expansion in trading volume to 30.81m shares from the previous day's 1pm level of 20.52m.

Closing prices and market reports were not available for this edition.

Analysts said sentiment was helped by an improvement in market leadership, with Glamours and Blue Chips moving ahead after a period of dominance by speculative issues.

Additionally, the market has apparently completed its digestion of Summer gains and seems ready to move higher again. They also said its ability to absorb heavy selling in the past few weeks with only minor losses could in itself be a buy signal for some institutional traders.

IBM added \$1 at \$300½, Procter and Gamble 1¼ at \$88¾, Exxon, which last week said it has found hydrocarbons in its Baltimore Canyon well, ¾ to \$51¼, Dow Chemical 1¼ to \$28¼ and Disney also 1¾ to \$44¾.

Airlines continued to report higher August traffic figures and were generally higher, but Motors, after reporting late August car sales, were narrowly mixed.

General Dynamics advanced 1¾ to \$57¼—it has confirmed that the Securities and Exchange Commission is probing financial statements related to submarine contract claims.

Firestone Tire led the actives list and put on ¾ to \$12¾—blocks of 110,000 shares and 200,000 shares changed hands at \$12¾. Active Vornado eased ¾ to \$8½.

Gold shares, however, ran counter to the market. Homestake Mining lost \$1 to \$36½, Campbell Redlake 1½ to \$38¼ and Rosario Resources ½ to \$20¾. Dome Mines fell 1½ to \$90—it owns a 26 per cent stake in Dome Petroleum.

THE AMERICAN SE Market Value Index forged ahead 0.87 more to 171.66 on volume of 4.59m shares (3.11m).

Dome Petroleum, reacted \$2¾ to \$80½ after stating that rumours that it has found a 300 ft pay zone in a Beaufort Sea well are "exaggerated."

Gaming shares were strong. Resorts International "A" rose \$3¾ to \$120¼, Golden Nugget \$1¾ to \$34½ and Nortex \$2¾ to \$17¾.

Canada

Losses held a slight edge over gains on the Toronto SE in active early trading yesterday, the Toronto Composite Index losing 1.2 to 1,225.0 at mid-day. Golds retreated 24.2 to 1631.6, but Metals and Minerals rose 4.6 to 1,054.1.

The Oil and Gas index came back 22.2 to 1,675.3 as Gulf Oil Canada fell 1¾ to C\$33¼, Home Oil "A" C\$1 to C\$42, Bow-Valley ¾ to C\$40¾ and Union Oil ¾ to C\$18¼.

Montreal noon stock information was again unavailable due to computer problems at the exchange.

Hong Kong

Share prices reacted sharply across the board at the opening yesterday, but subsequently rallied to leave the Hang Seng index only 4.87 easier on the day at 687.41, after an initial fall of over 22 points.

The early sharp market fall was triggered by last night's announcement that private companies owned by Sir Y. K. Pao had taken a stake of close to 20 per cent in Hong Kong and Kowloon Wharf but did not intend moving to a majority equity interest.

Dealers said selling started from small investors affected by newspaper suggestions that the recent market rise was on the back of take-over rumours about the Wharf company, but this died out and the market rallied shortly afterwards with buyers placing fresh orders on major shares.

HK and Kowloon Wharf opened lower at HK\$35 and further receded to close at the day's worst of HK\$33, an overall fall of HK\$6.50. The Warrants retreated HK\$19 to HK\$110.

Cheong Kong, however, whose chairman, Li Ka-Shing, stated that the company sold 10m Wharf shares in mid-July and has none remaining, rose 10 cents to HK\$14.40.

Hong Kong Bank lost 30 cents to HK\$21.10 and Hong Kong Land 20 cents to HK\$14.20, but Jardine Matheson ended 10 cents up at HK\$16.00.

Dealers in contact with London institutions said there is no wide intention to sell Hong Kong stocks in the light of the Wharf statement, attention being focused more on the forthcoming mid-term assessment of the local economy by Financial Secretary Philip Haddon-Cave, due tomorrow.

Australia

Markets lost some of their upward momentum yesterday and closed on a rather mixed note.

The focus was in Diamonds following official confirmation that there are diamonds in the CRA Northern Mining Ashton prospect in the Kimberley's. The two listed partners in the prospect said that preliminary testing had turned up 173 carrats of diamonds, the largest being 33 carrats. The quality of the stones is not known because the samples were taken near the surface and consequently are not necessarily representative. The report was thought to have been released to head off speculation which was boiling up in the market fuelled by unconfirmed reports from Perth.

After the recent advance, CRA dipped to A\$3.68, but then advanced to A\$3.85 on the release of the report before finally closing at A\$3.78, down 2 cents on the day.

Most other Diamond hopefuls followed a similar trading pattern, although Golden Plateau gained 5 cents more to A\$1.25, while Auditmco, which is looking for diamonds in N. S. Wales and yesterday reported that it has encountered some small stones in a deep working face, moved ahead 11 cents to 80 cents.

Uraniums, strong of late, were a little uncertain following a report that the Northern Land Council might balk at signing the final agreement. The NLC was upset by news that the Government was allowing Pancontinental, 40 cents off at A\$17.60, to drive a road up to its areas against the Council's wishes. Peko-Wallsend reacted 8 cents to A\$6.66 and Kathleen Investments 10 cents to A\$3.00.

Selected Coal stocks, however, were well supported, with Thiess, in response to the higher profits and share split, advancing 12 cents to A\$3.42. Utah added 5 cents at A\$4.40.

Elsewhere among Minings, Renison Tin climbed 30 cents to A\$11 and Consolidated Gold Fields 18 cents to A\$4.08.

Oils turned easier, with Bridge Oil, at A\$1.40, reacting 20 cents on profit-taking, after Tuesday's 22 cents rise on its Boggo Creek No. 2 well oil flow report.

BHP recouped an early loss to finish unaltered at A\$8.34.

Pastoral companies were in good form, helped by firmer wood prices, while Breweries mainly improved.

Tokyo

Stocks displayed an easier tendency in fairly active trading, reflecting caution following the recent sharp market rise. The Nikkei-Dow Jones Average slipped back 4.14 to 5,637.24, while volume came to 300m shares (380m).

Foods, Pharmaceuticals, Papers and Vehicles were among the dullest sectors, but some Chemicals and Fats and Oils gained ground.

Machinery issues, such as Teijin Machinery and Amada Ironworks, also improved.

Kaken Chemical declined Y90 to Y3,290, Chugai Pharmaceutical Y40 to Y800, Mitsubishi Paper Y6 to Y177, Fujiya Confectionary Y32 to Y640 and Honda Motor Y7 to Y516.

Koatsu Gas Kosygo lost Y55 to Y779, Marudai Food Y38 to Y915 and Calpis Food Y34 to Y736, but C. Itoh advanced Y27 to Y269, Arabian Oil Y80 to Y1,800, Nippon Kinzoku Y74 to Y282, Sumitomo Precision Products Y70 to Y880 and Dainichiseika Color and Chemicals Y20 to Y540.

Germany

Market continued to consolidate its recent advance and stocks closed with a majority of losses, but the undertone remained firm.

Motors, Banks and Machine Manufacturers were lower, with BMW off DM 1.40 and Volkswagen down DM 1.00. Electricals also retreated, but an exception was Siemens, which gained DM 1.30 more.

Chemicals and Stores closed mixed, while Steels and Utilities were firm sectors. VEBA rose DM 1.10, Kloeckner DM 1.80 and Krupp DM 1.50.

Linde, in Engineerings, advanced DM 4.50 and Horten, in Stores, rose DM 3.50.

On the Domestic Bond market, turnover was sparse but a firmer trend prevailed. Gains of up to 25 pfennigs were registered against isolated losses extending to 15 pfennigs. The Regulating Authorities sold a nominal DM 1.1m of stock against sales of DM 6.9m on Tuesday.

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ● Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‖ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Sept. 5	Sept. 1
Abbott Labs	35¼	35¼
Addressograph	30¼	29
Aetna Life & Cas	42¾	42¼
Air products	28⅞	29⅜
Alcan Aluminium	31⅜	31½
Alcoa	46	45⅞
Allegh. Ludlum	18⅝	18¾
Allegheny Power	18⅞	18⅞
[illegible]	[illegible]	[illegible]

Stock	Sept. 5	Sept. 1
Corning Glass	60½	65
CPC Int'national	52½	50
Crane	34½	32
Crocker Nat	26½	28¼
Crown Zellerbach	35½	36½
Cummins Engine	39¼	39¾
Curtiss Wright	18	17½
Dana	29½	29¼
Dart Industries	47½	47½
[illegible]	[illegible]	[illegible]

Stock	Sept. 5	Sept. 1
Johns Manville	32½	32
Johnson Johnson	85	85
Johnson Control	27¼	27½
Joy Manufacturing	35½	34½
K. Mart Corp.	28½	27¼
Kaiser Aluminium	34½	35
Kaiser Industries	2¼	2¼
Kaiser Steel	28¼	29½
Kay	12¼	12
Kennecott	29	28½
[illegible]	[illegible]	[illegible]

Stock	Sept. 5	Sept. 1
Revlon	55⅝	55⅝
Reynolds Metals	32⅜	31⅞
Reynolds R. J.	58½	59
Richardson Merrell	29	29⅛
Rockwell Inter.	34¼	34⅛
Rohm & Haas	35	35
Royal Dutch	64¼	63⅞
RTE	15¾	15¼
Russ Togs	12	11⅞
[illegible]	[illegible]	[illegible]

Stock	Sept. 5	Sept. 1
Woolworth	21½	21½
Wyly	6½	6¾
Xerox	59½	58¼
Zapata	16	15½
Zenith Radio	17½	17
U.S. Treas. 4% 1980	†95	.95
U.S. Treas. 4¼% 1985	†81½	†81½
U.S. 90 day bills	7.55%	7.59%

CANADA

Stock	Sept. 5	Sept. 1
[illegible]	[illegible]	[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ◆

Sept. 6	Price Dm.	+ or —	Div. %	Yld. %
AEG	81	−1.5	—	—
Allianz Versich	496.0		31.2	3.1
BMW	225.1	−1.4	28.09	6.2
BASF	140	−0.2	18.76	6.7
Bayer	142	−0.2	18.76	6.6
Bayer-Hypo	289	−1	28.12	4.9
Bayer Vereinsbk.	328	−1	18	2.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

Sept. 6	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	354	−9	14	2.0
Canon	447	−10	12	1.3
Casio	828	−18	25	1.5
Chinon	454	−11	20	2.2
Dai Nippon Print	570	−4	18	1.6
Fuji Photo	546	−14	15	1.4
Hitachi	228	−2	12	2.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

Sept. 6	Aust. \$	+ or —
ACMIL (25 cents)	†0.73	......
Acrow Australia	†0.86	......
AMATIL \$1	†2.17	......
Ampol Exploration	†1.40	......
Ampol Petroleum	†0.85	......
Assoc. Minerals	†1.50	......
Assoc. Pulp Paper \$1	†1.60	......
Assoc. Con. Industries	†1.90	......
Aust. Foundation Invest	†1.13	......
A.N.I.	†1.62	−0.02
[illegible]	[illegible]	[illegible]

BRAZIL

Sept. 5	Price Cruz	+ or —	Cruz Div.	Yld. %
Acesita OP	0.97	−0.01	0.12	12.37
Banco do Brazil	1.88	+0.05	0.16	8.51
Banco Itau PN	1.39	+0.01	0.37	26.61
Belgo Mineira OP	1.24	+0.01	0.08	6.45
Lojas Amer. OP	3.57	−0.03	0.20	5.60
Petrobras PP	2.38	−0.01	0.13	5.46
Pirelli	1.55	......	0.16	10.32
Souza Cruz OP	2.81	−0.06	0.22	7.82
Unip PE	5.80	+0.10	0.25	4.31
Vale Rio Doce PP	1.24	+0.01	0.18	14.51

Turnover: Cr.\$[illegible]m. Volume [illegible]m.
Source: Rio de Janeiro SE.

OSLO

Sept. 6	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOHANNESBURG

MINES

September 6	Rand	+ or —
[illegible]	[illegible]	[illegible]

INDUSTRIALS

September 6	Rand	+ or —
[illegible]	[illegible]	[illegible]

(Discount of 32.8%)
Securities Rand US\$0.77½

AMSTERDAM

Sept. 6	Price Fls.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

Sept. 6	Price Frs.	+ or —	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

Sept. 6	Price Frs.	+ or —	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ◆

Sept. 6	Price Frs.	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

Sept. 6	Price Kroner	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Sept. 6	Price Lire	+ or —	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

Sept. 6	Price %	+ or —	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SPAIN ▼

September 6	Per cent	
[illegible]	[illegible]	[illegible]

STOCKHOLM

Sept. 6	Price Kronor	+ or —	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS 1,901

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	■ Hill Samuel	§10 %
American Express Bk.	10 %	C. Hoare & Co.	†10 %
Amro Bank	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Cmce.	10 %	Knowsley & Co. Ltd.	12 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11½%
Banque du Rhone	10½%	Midland Bank	10 %
Barclays Bank	10 %	■ Samuel Montagu	10 %
Barnett Christie Ltd.	11 %	■ Morgan Grenfell	10 %
Bremar Holdings Ltd.	11 %	National Westminster	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
■ Brown Shipley	10 %	P. S. Refson & Co.	10 %
Canada Perm't Trust	10 %	Rossminster	10 %
Capitol C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk	10 %	Whiteway Laidlaw	10½%
Duncan Lawrie	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%. 1-month deposits 7¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand and deposits 7½%.

Indices

NEW YORK —DOW JONES

	Sept. 5	Sept. 1	Aug. 31	Aug. 30	Aug. 29	Aug. 28	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	886.61	879.33	876.82	880.72	880.20	884.88	900.12 (17/8)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.27	89.09	89.08	89.02	89.15	89.21	90.88 (4/1)	86.75 (11/7)	—	—
Transport	254.67	251.61	247.35	249.27	247.75	242.78	254.67 (5/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	107.44	107.21	106.56	108.43	106.16	106.09	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	32,170	35,110	33,850	57,750	36,780	31,760	—	—	—	—

* Basis of Index changed from August 28

	Sept. 1	Aug. 25	Aug. 18	Year ago (approx)
Ind. div. yield %	5.36	5.26	5.24	5.16

STANDARD AND POORS

	Sept. 5	Sept. 1	Aug. 31	Aug. 30	Aug. 29	Aug. 28	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	115.82	114.88	114.38	114.65	114.91	115.17	118.38 (24/8)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	104.49	103.68	103.29	103.47	103.39	103.96	105.08 (17/8)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Aug. 30	Aug. 23	Aug. 16	Year ago (approx.)
Ind. div. yield %	4.76	4.69	4.70	4.59
Ind. P/E Ratio	9.89	10.02	9.99	9.86
Long Gov. Bond yield	8.42	8.37	7.55	7.55

N.Y.S.E. ALL COMMON

Sept. 5	Sept. 1	Aug. 31	Aug. 30	1978 High	1978 Low
56.91	56.54	58.35	56.48	59.26 (24/7)	48.37 (6/3)

Rises and Falls

	Sept. 5	Sept. 1	Aug. 31
Issues traded	1,906	1,902	1,873
Rises	818	843	636
Falls	666	635	837
Unchanged	422	424	400
New Highs	—	—	—
New Lows	—	—	—

MONTREAL

	Sept. 5	Sept. 1	Aug. 31	Aug. 30	1978 High	1978 Low
Industrial	(u)	204.80	199.63	197.43	204.50 (1/9)	162.90 (16/2)
Combined	(u)	211.65	207.74	205.61	211.63 (1/9)	170.62 (30/1)

		Sept. 5	Sept. 1	Aug. 31	Aug. 30	1978 High	1978 Low
TORONTO	Composite	1,256.3	1265.0	1232.2	1215.7	1256.6 (5/9)	998.2 (30/1)
JOHANNESBURG	Gold	262.1	259.2	259.9	254.9	272.0 (14/8)	186.0 (20/4)
	Industrial	264.9	263.7	262.8	262.5	264.9 (5/9)	194.9 (13/3)

	Sept. 6	Pre-vious	1978 High	1978 Low
Australia (¶)	[illegible]	555.97	555.97 (5/9)	441.19 (1/3)
Belgium (‖)	[illegible]	96.[illegible]	101.16 (4/5)	90.43 (25/2)
Denmark (**)	[illegible]	96.35	[illegible] (14/8)	94.0[illegible]
France (‡‡)	[illegible]	72.4	76.2 (15/6)	47.8 (3/2)
Germany (‡‡)	[illegible]	850.1	[illegible] (4/9)	[illegible]
Holland (‡‡)	91.3	92.0	92.9 (22/8)	[illegible]
Hong Kong (§§)	687.41	692.28	[illegible] (4/9)	[illegible] (13/1)
Italy (‡‡)	68.31	68.34	68.91 (6/9)	52.4[illegible] (10/1)
Japan (a)	4[illegible]	421.75	421.75 (5/9)	364.04 (4/10)
Singapore (b)	4[illegible]	405.56	405.75 (6/9)	262.[illegible] (9/1)

	Sept. 6	Pre-vious	1978 High	1977 Low
Spain (d)	102.41	102.22	11[illegible]	[illegible]
Sweden (e)	[illegible]	[illegible]	[illegible]	[illegible]
Switzerl'd (f)	[illegible]	[illegible]	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). · Excluding bonds. † 400 Industrials. ‡ 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec., 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Ramada Inns	1,169,700	10⅞	−⅜
Holiday Inns	500,500	25	+⅜
Bally Mfg.	377,300	61⅜	+4⅜
Mattel	474,700	12½	−⅛
Berkey Photo	448,900	9½	+1
Caesars World	367,900	41½	+1⅛
Pan-Amer. Air.	335,500	8⅞	+⅛
Natl. Semic'nduct'r	267,600	32	+2⅛
Del E. Webb	254,500	33½	+2⅛
Exxon	244,900	51	+1⅛

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESSES FOR SALE

BUSINESSES WANTED

[[illegible] الأصل]

FARMING AND RAW MATERIALS

Move to aid potato market

By Our Commodities Staff

[illegible]E POTATO Marketing Board [illegible] announced a new measure to [illegible]uce the pressure on markets [illegible] improve the quality of [illegible]atoes going on sale.

[illegible]armers have been invited to [illegible] "outgrade" potatoes to the [illegible]ard for £14 a tonne. The Board [illegible] turn will sell them for feeding [illegible]o animals at £12 a tonne loose [illegible] £15.50 a tonne in paper sacks.

Outgrades are over-sized or "slightly substandard" potatoes which in the recent past were sold through normal retail channels for human consumption.

Buying these potatoes off the market was begun in 1973, but was suspended during recent drought years when supplies of best-quality tubers were greatly reduced.

The Potato Board has also reminded farmers that its main support buying programme closes soon.

The Board has offered to buy up 10 per cent of this year's crop to reduce market supplies and push up farm-gate prices. Acceptances of the offer must be received by the Board by Friday at the latest.

The Board reports that potato prices rose slightly in the past week. Early varieties are still plentiful and fetching between £25 and £45 a tonne.

Maincrop varieties are selling at slightly higher prices—going up to £48 in the eastern region.

$80m Israeli cotton crop

By Our Own Correspondent

TEL AVIV, Sept. 6.

THE ISRAELI Cotton Marketing Board expects to realise $80m from this year's cotton harvest, which is about to begin.

Of the anticipated yield of [illegible]0,000 tonnes of fibre, 26,000 will be needed by local spinners and [illegible]4,000 tonnes has been sold forward.

In view of constantly rising prices abroad, the board has been in no hurry to commit the remaining 30,000 tonnes.

The prospective export total this year represents an increase of 30 per cent on last year's overseas sales of fibre, which totalled [illegible]8,000 tonnes and brought in [illegible]65m.

The yield of 130,000 tonnes of cotton seed will be partially used for cattle feed and partially for the production of cotton oil, of which 14,000 tonnes was exported last season.

Bid to increase platinum jewellery sales

BY JOHN EDWARDS, COMMODITIES EDITOR

A BID TO popularise platinum jewellery in the West and create a new sales outlet for the metal was launched yesterday by Ayrton Metals, a subsidiary of the South African group Impala Platinum.

Announcing the opening in Bond Street, London, of what is claimed to be the world's first-ever shop to specialise in platinum, Mr. Ian Greig, chairman of Impala, said that in recent years the jewellery industry in Japan had used between 700,000 to 750,000 ounces of platinum annually—about 25 per cent of total non-Communist world consumption.

By comparison, the use of platinum for jewellery elsewhere was minimal. It had not always been so Mr. Greig said. *But the fact that for many years* the price of gold had been pegged at an artificially low level had to a large extent contributed to the virtual disappearance of platinum as jewellery in Europe and the U.S.

He said that all hallmarked platinum jewellery sold in Britain had to be 95 per cent pure platinum, whereas 18-carat gold had only 75 per cent gold content and nine-carat as little as 37.5 per cent gold.

The upsurge in the gold price in recent years has made it far less competitive with platinum, which is priced at $250 an ounce (£130) by the South African producers and $266.25 (£137.10) on the London free market.

However, platinum prices have risen strongly in the past nine months and some traders are predicting a move to higher levels as a result of a continuing shortage of supplies.

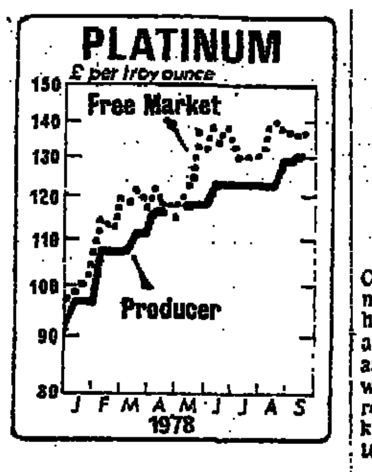
The South African mines producer price has climbed from the depressed level of $162 an ounce last November to $250 recently. There has been an equally dramatic move in the *free market where the price has* jumped from below £90 to over £137 in the same period.

The turnround in the market is attributed to production cutbacks by South African producers and in Canadian nickel mines, where platinum is a by-product.

Equally important has been the withdrawal of the Soviet Union as a seller. The Soviet Union was previously the main supplier to the free market. But it suddenly stopped selling last year, claiming that it needed the platinum for commemorative coins to be produced for the forthcoming Olympic Games in Moscow. Trade sources believe that there may have been other causes—such as production problems and a reduction in output as a result of nickel cutbacks.

Nevertheless, the Russians are still not sellers at a time when speculative interest in platinum has been stimulated by the currency changes, particularly the weakness in the dollar.

Some traders think that the market may need a period of consolidation, but others urge that prices could well rise still further, especially since Japanese demand for platinum jewellery remains strong. Whether the West can be persuaded to show the same interest remains to be seen.



World grain crop forecast lifted

BY OUR COMMODITIES STAFF

PROSPECTS FOR big world cereal crops this year have brightened because of abundant summer rains, according to a report issued by the UN Food and Agriculture Organisation in Rome yesterday.

The report said estimates of *prospective 1978 world crop had* been revised upwards. Better prospects for coarse grain crops, mainly in the U.S., and for wheat in China had more than offset reduced wheat forecasts for Europe, where heavy rains had damaged grain.

FAO now predicts that world wheat output this year will reach 408m tonnes, 5.7 per cent more than in 1977 but below the 1976 record outturn of 418m tonnes.

Coarse grains production is put at 721m tonnes, exceeding last year's record by 2.3 per cent. The first 1978 forecast of world paddy (unmilled) rice production at 375m tonnes is just about the 1977 peak of 372m tonnes.

Total wheat, coarse grains and rice output at 1,380m tonnes would be 3 per cent more than in 1977 and could boost food carryover stocks to a record 195m tonnes by the end of 1978-1979 season, 18m tonnes more than a year earlier.

The report points out that cereal prices in world trade have already steadied or dropped in anticipation of a bigger supply being available.

*The food outlook report pre*dicts smaller cereal trade needs in 1978-79, because of the favourable crop prospects in most importing countries. It also foresees improving food supply prospects for many developing regions, with an expected substantial boost in developing country cereal crops.

Most of the prospective gain will be in wheat, notably in the Africa and Far East regions, *which had accounted for most of* 1977's crop shortfalls.

World wheat and coarse grain imports could decline after advancing sharply to a record 152.5m. tonnes in 1977-78, the report notes. Total world imports could drop by 10m tonnes for 1978-70. Expected world rice trade of 9.0m tonnes for 1978 would be 9 per cent under 1977s total.

Coarse grain export prices dropped by one-fifth in the four months ending in mid-August, reflecting ample exporters' supplies and slacqening import prospects.

Wheat prices have been relatively stable due to a tighter *prospective supply balance than* for course grains and withdrawal of as much as 10.5m tonnes or 13 per cent of U.S. wheat supplies, under the three-year U.S. reserve programme.

Thai export rise prices eased 8 per cent during July and mid-August to $365 per ton, but remained $90 over a year earlier.

SUGAR REBATE

BRUSSELS, Sept. 6.

THE EEC Commission authorised sales of 38,900 tonnes of white sugar (43,000 tonnes last week) for export at its weekly tender, Reuter reported.

The maximum export rebate was cut to 25.40 units of account per 100 kilos from 25.64 the previous week.

Ministry acts on free milk offer

By Our Commodities Staff

OFFICIALS FROM the Department of Education and Science have been contacting local authorities around the country asking them to decide quickly whether they want to take up or refuse the offer of Common Market subsidies on milk for seven to 11-year-old pupils.

About 30 authorities have still not told the Ministry their plans, although the first term of the new year is about to start.

So far 41 have agreed to supply free milk for junior school children while 29 authorities have refused the offer.

● Stocks of skimmed milk powder rose 10.8 per cent during August in the European Community, while combined private and official butter stocks climbed 13.1 per cent, AP-Dow Jones reports from Brussels.

Skimmed milk powder stocks at present total about 898,860 tonnes—up from 811,000 tonnes a month ago—while butter stocks have increased to 466,620 tonnes from about 412,000 tonnes.

Rise in Thai tapioca output forecast

BANGKOK, Sept. 6.

THAILAND WILL produce 10.6m tonnes of tapioca in the 1977-78 season — about 640,000 tonnes more than the original target—the Commerce Ministry said.

A report by the Ministry submitted to the Cabinet said total tapioca production next year would probably reach 10.7m tonnes, although exports might face restrictive measures from the European Economic Community, the major buyer of Thai tapioca.

Thailand exported 3.3m tonnes of tapioca pellets in the first seven months of this year, mostly to the EEC, compared with 2.1m tonnes in the comparable part of 1977, the Board of Trade said earlier.

There have been complaints from within the EEC, where tapioca is used in animal feed, that "excessive" imports of cheap tapioca would compete with and *damage the market for home*-grown barley.

Prime Minister Kriangsak Chamanand yesterday asked visiting French Foreign Minister Louis de Guiringaud to help persuade the EEC not to reduce tapioca imports.

Tapioca exports this year could reach 4.9m tonnes, according to official forecasts.

Reuter

BANGLADESH AGRICULTURE

New role for women on the land

BY KEVIN RAFFERTY

AGRICULTURE IN Bangladesh may soon be given its biggest shake-up for decades by the intrusion of a new group of workers. At 50, their number is small, but that is not important. What is significant is that they are women.

The Agriculture Ministry of Bangladesh is about to recruit 50 women to its team of instructors which is a little more than 4,000 strong and all male to date.

The Ministry hopes that with women members in the teams the country's agriculture will be able to make progress in important new areas such as fish farming and vegetable production. The women may also be able to help the country round a number of important problems which have slowed down the growth of agriculture.

Women hardly figure at all in Bangladesh labour statistics. As in many developing countries, especially those where Islamic influence is predominant, their overall role in society is played down. Paradoxically, in certain areas the women's influence is powerful.

Paradoxically, in certain fields *the influence of women* is powerful. They obviously have a formative role in shaping the young, and in agriculture they have a critical importance—as officials found when they tried to develop new programmes.

The officials had the idea that Bangladesh's 600,000 village ponds, covering 200,000 acres, could be used to breed fish and so provide a valuable source of food and protein for an undernourished people.

Given that even on a rough *per capita* basis Bangladeshis do not get enough to eat and are particularly deficient in protein, it seemed an especially sound idea. Breeding of the *Nilotica carp* imported from Thailand had proved prolific in tests, and the fish would help supplement the predominant diet of grain. Then it was found that looking *after fish was traditionally work* done by women.

Other officials also found that Bangladesh's programme of improved agricultural production was moving more slowly than hoped because of problems about the quality of seeds. The task of preserving seed also falls to women.

Other jobs usually done by women include threshing and winnowing of rice, which is the *country's staple diet*, growing vegetables and tending domestic animals. In each of the main areas of potential advancement for Bangladesh agriculture, women are crucially involved.

So, with the encouragement of President Ziaur Rahman, who recently directed that women should be given at least 10 per cent of the jobs in the labour force, Mr. Obaidullah Khan, the Agriculture Secretary, gave the go-ahead.

The potential repercussions and benefits from women working officially in agriculture are enormous, provided that the obvious, immediate difficulties can be surmounted. Although the Government's taking on women is a breakthrough, it remains to be seen how the instructors will get on with their male colleagues, and indeed, how they will be accepted in the fields.

The number of women instructors taken on initially is tiny. Bangladesh has 65,000 villages and 84m people, 90 per cent of whom live in villages and 75 per cent of whom derive their livelihood from agriculture.

If they are accepted, though, Bangladesh's agriculture could grow quickly precisely because women, though not officially counted as members of the labour force, do play a vital part in agriculture and its support operations.

Dynamic

Perhaps more important, there would be an important dynamic effect on society. Acceptance of women as workers would be important as a general principle. *The roles carried out in the* home by women mean that the lessons would be picked up quickly by children and the whole pattern of society could change rapidly.

One example of the dynamic effects of this development is provided by a village a few hours' drive from Dacca, the capital of Bangladesh. In this village women were encouraged to play a bigger part. No only *did traditional agriculture grow* faster, but new crops were tried, women's clubs were formed in which the principles of family planning were taught and attempts were made to get over longstanding caste barriers that affect even Muslim countries on the subcontinent.

The women began to make jute goods and other handicrafts and progressed so well that last year they earned more than $10,000 in exports with their goods.

Recipe found for shrimpers' waste

BY WILLIAM CHISLETT

MEXICO CITY, Sept. 6.

A JOINT British-Mexican scientific team has produced a nutritious substance from shrimp by-catch which could have important repercussions on fishing industries in developing countries.

Previously the shrimp by-catch (small fish brought up with the shrimps), which accounts for up to 80 per cent of what shrimp fishermen trawl up, had to be thrown away because it could not be put to good use unless some was used for animal feed. But now, however, new developments could mean that shrimp fishermen will no longer have to return so much of their catch to the sea.

Specialists from the UK Ministry of Overseas Development and the Tropical Products Institute of London have been working in collaboration with the Mexican Fisheries Institute at the School of Food Technology in Guaymas, Monterrey, under the direction of Dr. Richard Young of the Ministry since May last year.

Now the team has come up with a kind of fish-cake made from shrimp by-catch which has been satisfactorily tested.

It is cheap and has the advantage that it does not need to be refrigerated. As a result it could be transported inland to rural areas and its use need not be restricted to coastal zones.

The product was tested on Wednesday night during a cocktail party for Sir Peter Vanneck, the Lord Mayor of London, who is here on an official visit. The Lord Mayor found it quite edible.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Moved narrowly on the London Metal Exchange with the price tending to drift through lack of interest. Forward metal started at 746 but there was little response to rumours of a likely return to work by Chilean and Peruvian miners, nor to the news of [illegible]

[illegible] the afternoon Comex traded lower and the close on the Kerb was £743.5. Turnover 28,038 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £731, 31.5, three months £743, 43.5, 44, 44.5, 45, 45.5, 45, 45.5. Cathodes, three months £738, 37. Kerb: Wirebars, cash £731, three months £745.5. Afternoon: Wirebars, cash £729, three months £744, [illegible]

[illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
High Grade				
Cash	6970-90	+35	6940-60	—35
3 months	6885-90	+52.5	6885-900	-12.5
Settlem't	6990	+40	—	.....
Standard				
Cash	6970-90	+57.5	6940-60	—35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

... buying. The price reached £6,585 before profit-taking caused a slight reaction to a close on the Kerb of £6,575. Turnover 2,033 tonnes.

LEAD [illegible]

ZINC [illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

ROBUSTAS opened sharply lower, but Commission House long liquidation was well absorbed by trade buying throughout the morning, Drexel Burnham reported. Values steadied somewhat as a result in the early afternoon, but a weak New York market prompted further selling, forcing prices back to the "lows". Final values were £40 lower [illegible]

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

The market opened £1 down, picking up to £114.00, basis December. Prices held on steady Chicago opening, and rallied as Chicago gained 4-5 cents, SNW Commodities reported.

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible] average 65.0p (+2.8). Scotland—Cattle down 1.0 per cent, average 68.32p (−0.06); Sheep up 73.4 per cent, average 139.8p (+0.9); Pigs down 20.0 per cent, average 59.1p (−1.0).

COVENT GARDEN (prices in sterling per package unless stated)—Imported produce: Lemons—Italian: 100/120s new crop 6.50. Oranges—S. African: Valencia Lates 4.90-5.20; Brazilian: Valencia Lates 3.30-3.60. Grapefruit—S. African: 27/72 [illegible] 1.00. Webbs 1.00. Cucumbers—Per tray 12/24s new crop 0.70-1.00. Mushrooms—Per pound 0.50-0.70. Apples—Per pound Grenadier 0.04, Lord Derby 0.06, Bramley 0.07-0.10, Discovery 0.06-0.12, Tydeman's 0.08-0.10, Winter Pearmains 0.08-0.10. Pears—Per pound Dr. Jules 0.08, Williams 0.10. Plums—Per pound Belles 0.10, Pershores 0.06, Victorias 0.10-0.12. Damsons—Per pound 0.15. Tomatoes—Per 12-lb English 1.80-2.40. Cabbages—Per crate 0.50. Celery—Per head 0.10. Cauliflowers—Per 12 Lincoln 1.40-1.60. Runner Beans—Per pound Stick 0.06-0.10. Beetroot—Per 28-lb 0.60. Carrots—Per 28-lb 0.50-0.80. Capsicums—Per pound 0.38. Courgettes—Per pound 0.08-0.09. Onions—Per bag 1.50-2.00. Swedes—Per 28-lb 0.50. Turnips—Per 28-lb 1.30-1.40. Parsnips—Per 28-lb 1.40. Sprouts—Per pound 0.10-0.11. Cobnuts—Per pound Kent 0.40. Corn Cobs—Each 0.06-0.06.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.50, codlings £3.00-£4.50; medium haddock £4.40-£5.00, small £2.80-£3.40; large plaice £5.20-£6.30, medium £4.20-£4.90, best small £3.80-£4.20; large skinned dogfish £8.50, medium skinned dogfish £6.00; large lemon soles £7.00, medium lemon soles £6.00.

Nickel mine peace bid

TORONTO, Sept. 6.

WORKERS AT International Nickel will meet the company and a provincial mediator tomorrow in an attempt to solve a contract dispute, Mr. Robert Elgie, the Ontario Labour Minister, said.

The company declared yesterday that it would extend indefinitely an expired contract agreement with the 12,450 employees, members of the United Steelworkers of America.

Reuter

COPPER SMELTER STRIKE ENDS

NEW YORK, Sept. 6.

Traders here said that workers's Peru's Ilo copper smelter had ended their strike.

This should pave the way for copper production to restart at the Ilo refinery, which had not joined the strike, they added.

In Lusaka, Zambian railway workers were expected to return to work yesterday after agreement was reached on a wage incrase, according to railways spokesman.

Reuter

PRICE CHANGES

Prince per tonne unless otherwise stated.

[illegible]

INDICES

[illegible]

COTTON

[illegible]

U.S. Markets

Rally by precious metals

NEW YORK, Sept. 5.

PRECIOUS METALS rallied on Commission House buying and short-covering amid concern over the Israel-Egyptian summit meeting. Copper closed lower on Commission House liquidation following termination of the Peruvian strike and a lower than expected decrease in the LME stocks. Sugar eased on Commission House profit-taking, Bache reported.

Cocoa—Sept. 162.10 (162.00), Dec. 161.10 (161.05), March 158.05, May 154.70, July 152.20, Sept. 149.85, Dec. 146.85. Sales: 301.

Coffee—"C" Contract: Sept. 160.00 (160.75), Dec. 138.00-150.75 (153.55), March 140.96, May 136.45, July 134.50 asked, Sept. 133.00, Dec. 130.00 asked. Sales: 787 lots.

Copper—Sept. 63.40 (63.55), Oct. 63.95 (64.45), Nov. 64.55, Dec. 65.13, Jan. 65.60, March 66.60, May 67.45, July 68.25, Sept. 69.05, Dec. 70.05, Jan. 70.45, March 71.15, May 71.95, July 72.50. Sales: 5,100 lots.

[illegible]

APPEALS

STOCK EXCHANGE REPORT

Equity markets consolidate after Tuesday's sharp rise

Short-gilts improve afresh—Sun Alliance disappoint

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug. 21	Aug. 31	Sep. 1	Sep. 12
Sep. 4	Sep. 14	Sep. 15	Sep. 26
Sep. 18	Sep. 28	Sep. 29	Oct. 10

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Leading industrials managed to consolidate the previous day's sharp technical recovery despite continuing political uncertainty. Once again, trading was at a low ebb, with potential investors content to hold off pending today's half-yearly results from ICI and British Petroleum.

The equity leaders tended a shade easier at the opening, but the virtual absence of selling prompted a gradual improvement and by 2 pm the FT 30-share index was showing a rise of 1.6. Although not unexpected, news that the TUC had voted overwhelmingly against the Government's five per cent pay guidelines tended to dampen sentiment in the late afternoon, while vague talk of a large funding issue in offing also made for unsettlement. As a result, the index slipped back to close without alteration at 503.5.

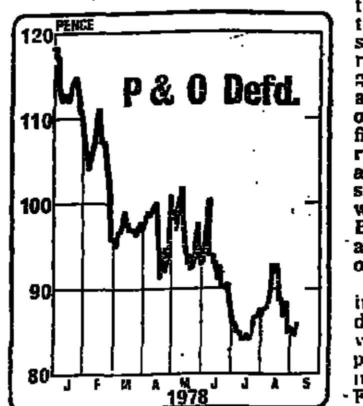
Elsewhere in the equity sector, company news provided the major source of interest. Poor interim figures from several leading Composite Insurance companies, in particular, Sun Alliance, down 24 at 534p, made for marked dullness in this area. The reaction was well illustrated by the FT-Actuaries index for the subsection which fell 2.3 per cent to 128.34. Overall, however, the trend was to higher levels and rises led falls by about 11-4 in FT-quoted Industrials.

Interest in British Funds again centred mainly on short-dated stocks. Cautious Press comment on the mid-August banking figures prompted a slightly easier opening trend in this area of the market before scattered buying on yield considerations pushed prices higher to finish with net rises of ⅛ on balance. The longer maturities were neglected, but followed in the wake of the shorts' early losses of ⅛ were thus recouped by the close.

A varied and good-sized trade made for brisker dealings than of late in investment currency with the result that the premium fluctuated between 92 and 90½ per cent before settling a net ¾ lower at 91¾ per cent. Yesterday's SE conversion factor was 0.7030 (0.6977).

Disappointing first-half profit performances from the three major Composite companies which reported yesterday made for dullness in Insurances. Interim figures from Sun Alliance were deemed especially disappointing and the shares fell 24 to 534p, after 524p, while Phoenix dipped 6 to 244p and GRE softened 4 to 232p, after 232p. In sympathy elsewhere, Royals dipped 8 to 370p, while General Accident, 222p, and Commercial Union, 149p, fell 6 and 3 respectively.

Comment on the mid-August banking statistics helped the major clearing banks improve afresh. Barclays put on 6 more to 358p and Lloyds added 3 at 268p as did Midland, at 358p, while NatWest closed the turn harder at 276p. Leopold Joseph put on 5 to 205p in a thin market among Merchant Banks where Guinness Peat edged forward 2 to 232p,



after 233p, on the annual results. Higher interim earnings prompted an improvement of a penny to 44p in Wagon Finance.

Press comment created a fair amount of interest in Distillers which rose to 199p before closing a net 4 better at 198p. Elsewhere, Matthew Clark, at 162p, gave up half of the previous day's rise of 12. Mansfield Brewery 4 per cent First Mortgage Debenture 1992 were marked up 27 points to £102 on the repayment proposals.

A firm undertone was maintained in Buildings, but the gains were usually restricted to a few pence. Travis and Arnold improved 3 to 172 on the higher interim profits, while G. H. Downing put on 5 to 140p in a restricted market. Magnet and Southerns and RMC firmed 3 apiece to 220p and 148p respectively, while Aberthaw added a couple of pence at 154p. Awaiting today's interim results, Richard Costain held at 242p, but Higgs and Hill found the odd buyer and hardened 3 to 87p.

ICI were subdued by the nearness of the interim results, due today, but closed marginally dearer at 401p.

Stores were notable for renewed strength in Burton issues, speculative buying continuing on bid hopes leaving the ordinary up 6 more at 192p, the A 5 higher at 183p and the Warrants 3 dearer at 48. Elsewhere, buying of a similar nature helped Liberty advance 10 more to 200p and Jas. Walker rise 5 to 128p, after 133p, with the latter's N/V closing a like amount better at 117p, after 120p. Time Products revived with a rise of 8 to 187p, while Executex put on 4 to 42p in response to the sharply higher interim profits and resumption of interim dividend payments.

BICC moved up 5 further to 135p for a two-day improvement of 13 in response to the interim figures. Among other Electricals, small buying lifted M.K. Electric 7 to 224p, while Tele Rentals, 144p, and Comet Radiovision, 150p, put on 3 apiece. Decca A, however, slipped 15 to 440p following Press comment on the preliminary results.

GKN again came on offer and closed a further 3 off at 272p; the interim results are due tomorrow week. John Brown softened 2 to 468p but Hawker rose 6 to 248p. Other Engineerings generally closed firmer for choice although Rotork gave up 2 at 55p on disappointment with the first-half profits. Capper Neill revived with a rise of 5 to 84p and Hill and Smith closed a similar amount better at 87p, while D. F. Bevan added 4 to 26p. Blackwood Hodge gained 3 to 73p, after 74p, still on consideration of the interim results.

Cadbury Schweppes after holding steady for best part of the day reacted 2½ to 55p on late nervousness that fund-raising proposals may accompany today's interim figures. Elsewhere in Foods, Nurdin and Peacock hardened 2 to 88p on further consideration of the half-yearly report, while continuing speculative interest lifted Carr's Milling 4 more to a 1978 peak of 66p. News that the Australian Government had turned down Brooke Bond Liebig's request for permission to takeover Bushell's Investments made little impression on the former company's price which finished a shade harder at 46½p.

Rowton Hotels hardened a penny to 157p on the first-half profits increase, while Trust Houses Forte, an erratic market of late, finished a penny cheaper at 223p following publication of the motorway catering report.

Nocros wanted

A few miscellaneous Industrial leaders took the previous day's technical rally a stage further but the volume of business remained small. Reckitt and Colman put on 7 to 507p and Reed International, still awaiting news of the Reed Paper sale talks, rose 4 more to 169p. Turner and Newall, however, cheapened 2 to 173p, after 172p, following adverse comment ahead of next Wednesday's interim results. Bowater, which is due to report first-half figures two days earlier, reacted 3 to 199p. Secondary issues were notable for a speculative rise of 5½ to 100p in Nocros and a gain of 4 to 108p in Pentos, the latter following buying ahead of next Tuesday's results. Fairbairn Lawson, 74p, and Hepworth Ceramic, 94½p, both rose 2½ in reply to their respective interim announcements, while Marshalls Universal edged forward 2 to 162p on an investment recommendation. AGB Research put on 5 to 138p and De La Rue gained 7 to 462p but Portals declined 2 to 238p, the last-named following the disappointing half-yearly results. Dealings are expected to resume in Compton Sons and Webb today at around 52p, compared with the suspension price of 43p, following details of the bid late yesterday from Carrington Viyella. Chamberlain Phipps were unchanged at 45p; in yesterday's issue the price was incorrectly shown as 50p, up 5.

Dowty were to the fore in Motors and Distributors and closed 12 higher at a year's peak of 279p as buyers anticipated the company winning lucrative mining equipment orders from China. Gains of 2 were recorded in Rolls-Royce, 100p, and Adams and Gibbon, 74p, while Kwik-Fit hardened 1½ to 53p. Group Lotus closed without alteration at 40p despite the substantially increased earnings. Of the isolated dull spots, Lucas Industries finished 4 cheaper at 328p.

Occasional buying was responsible for isolated improvements in Newspapers where Daily Mail A, 335p, and United, 387p, both added 5. Similarly, Thomson firmed 3 to 260p. In contrast, Pearson Longman and S. Pearson were further unsettled by continued institutional opposition to the latter's offer for the outstanding minority in Pearson Longman; both lost 6, PL to 236p and S. Pearson to 222p.

Business in Properties left much to be desired and the leaders drifted narrowly lower. Secondary issues were selectively wanted and further speculative interest took Mountview Estates up 4 more to a 1978 peak of 75p. Country and New Town attracted a similar type of demand and added 3 at 27p. Dull of late on adverse Press comment, Daejan found support at the lower level and hardened 4 to 105p, while Apex rose 8 to 240p in response to the annual profits and 200 per cent scrip issue.

BP steady

Following Tuesday's livelier trade during which the leaders performed well, quieter conditions prevailed yesterday in the Oil sector awaiting today's interim results from British Petroleum, which closed unchanged at 894p. Shell made modest headway to end a couple of pence dearer at 574p, while Ultramar found further support and finished 6 to the good at 244p.

S. Hoffnung, 5 off at 72p, provided the only noteworthy movement in Overseas Traders.

Investments were firm despite a low volume of business. Still reflecting the publication of its net asset value, New Throgmorton Capital rose 5 to 142p for a two-day improvement of 12. Edinburgh American Trust moved up 6 to 131p, while numerous gains of 4 took in Cambrian and General, 94p, Rothschild Investment, 210p, and Fundinvest Capital, 68p. Hong Kong issues made headway with Jardine Securities closing 5 better at 145p and Haw Par 5½ higher at a 1978 peak of 84p.

P and O Deferred were the focal point in Shippings and closed 2 better at 86p, after 89p, on maintenance of interim dividend and relief that the first-half figures were no worse than expected. Other issues edged forward in sympathy with Ocean Transport finishing 3 harder at 115p and Furness Withy 5 better at 237p. Elsewhere, Hongkong and Kowloon Wharf, at 540p, gave up 30 of the recent speculative rise following the announcement that a substantial minority stake has been acquired by Sir Y. K. Pao and his family.

Textiles had John Haggas 6 better at 128p following a small demand in anticipation of next Tuesday's preliminary figures.

Guthrie rose another 10 to 385p, mirroring Far Eastern demand.

Good demand for CRA

A report on the latest progress at the Ashton diamond project in Kimberley, Western Australia, prompted a lively day for the participants in the venture and in other diamond exploration issues.

Among the Ashton participants, Conzinc Riotinto climbed 18 to a new high of 336p. Northern Mining 16 to 140p, the UK registered Tanks 10 to a high of 187p and Charter (through its holding in Malaysian Mining) improved 8 to 240p. RTZ 4 to 150p.

The more speculative Australian diamond explorers all attracted a good two-way business. Gains of around 3 were common to Bamboo Creek, 25p, Hill 50, 12p, Jones Mining, 45p, Lennard Oil, 22p, Otter, 50p, and Spargos, 48p.

The strength of diamond stocks also encouraged some London buying of other Australian mining issues. Metals Exploration put on 2 more to 38p following further speculative interest. In Coals, Thiess Holdings rose 9 to 285p following the increased profits and dividend and proposed one-for-five scrip issues.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 30	Sep. 11	Nov. 23	Dec. 5
Sep. 12	Sep. 25	Dec. 7	Dec. 19
Sep. 26	Oct. 9	Dec. 7	Jan. 9

For rate indications see end of Share Information Service

Stocks to attract money for the call included Fitch Lovell, ERF, London Brick, Mettoy, Haden Carrier, Burgess Products, Central and Sheerwood, Telefusion, Barker and Dobson, Burton A, Steinberg, Rank Organisation, Halma, Otter Exploration, Oliver Rix, Rustenberg, Lonrho, F. W. Woolworth, Ultramar, Whessoe and Northern Mining, while doubles were arranged in Grand Metropolitan, Steinberg, First National Finance 9¼ per cent, Rustenberg, Mersey Docks Units, Lonrho and British Land.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (76)

COMMONWEALTH AND AFRICAN LOANS (1)
N.Z. 4pc 1976-78

AMERICANS (1)
Amax

CANADIANS (1)
Place Gas

BANKS (1)
Allied Irish

BEERS (1)
Wolverhampton Dudley

BUILDINGS (5)
Downing (G. H.) — RMC
Heywood Williams — Warrington
Marshalls (Halifax)

CHEMICALS (3)
AKZO — British Benzol
Brent Chemicals

STORES (9)
Burton Group — Liberty N/V ord.
Do. A N/V — Ramar Textiles
Executex — Walker (J.)
Goodman Stockman — Do. N/V
Liberty

ELECTRICALS (1)
BICC

ENGINEERING (8)
Amal. Power — Delta Metal
Bevan (D. F.) — Edbro
Blackwood Hodge — Mining Supplies
Danks Gowerton — Stothert and Pitt

FOODS (2)
Carr's Milling — Unigate

HOTELS (1)
Mount Charlotte

INDUSTRIALS (17)
Bellair Cosmetics — Pentos
Biddle — Do. 15pcCv.Ln. '85
Hogod-Pelepah A — Reed Intl.
Cope Allman — Relyon PBWS
Fitzwilton — Sangers
Low and Bonar — Sketchley
Meaminster — Watson (R. K.)
New Equipment — Whitecroft
Nu-Swift

LEISURE (2)
Horizon — Nationwide Leisure

MOTORS (1)
Dowty

NEWSPAPERS (1)
Utd. Newspapers

PAPER (3)
Clay (R.) — Watmoughs
Oxley Printing

PROPERTY (4)
Chown Secs. — Jermyn Inv.
Corn Exchange — Mountview

SHOES (2)
Newbold and Burton — Ward White

TEXTILES (2)
Haggas (J.) — Small and Tidmas

TRUSTS (5)
G.T. Japan — Haw Par
Jardine Japan — London Merchant
Authority Invs.

OILS (1)
Magnet Metals

OVERSEAS TRADERS (1)
Sime Darby

MINES (3)
Tanks — Peko-Wallsend
Conzinc Riotinto

NEW LOWS (6)

ELECTRICALS (1)
Jones Stroud

ENGINEERING (1)
Shaw (F.)

INDUSTRIALS (1)
Wilson Watson

SHIPPING (2)
Reardon Smith — Reardon Smith A.

MINES (1)
Jantar

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	16	—	61
Corpns., Dom. and Foreign Bonds	19	1	42
Industrials	460	171	918
Financial and Prop.	162	57	289
Oils	16	1	18
Plantations	4	3	24
Mines	56	22	50
Recent Issues	7	5	31
Totals	740	260	1,425

S. AFRICAN FUNDRAISING

Gearing up for a beer battle

BY JIM JONES IN JOHANNESBURG

TWO APPROACHES to South African capital markets announced this week for a total of R100m are a strong indication of how far long term interest rates have fallen since the start of the year.

At March 31, South African Breweries had total borrowings of R245.6m, split as to R168.7m long-term and R76.9m short-term for a debt equity ratio of 0.51:1.

It is now coming to the market with a R40m debenture issue carrying a coupon of 11.2 per cent with an average term of 17.5 years. Funds raised will be used to restructure the current short-term debt to medium-term.

Because of technical difficulties the FT stock indices and London traded options do not appear in today's issue.

The issue is unsecured and after an encouraging response from pension funds and general insurers, SA Breweries is sufficiently confident in acceptance to have dispensed with any underwriting.

On straight gearing considerations, SA Breweries March 31 balance sheet can hardly have been described as strained. But the group is faced with the prospect of a protracted beer war as Rembrandt-controlled Intercontinental Breweries gears itself for an assault on SA Breweries' dominant position. Intercontinental is looking for at least 20 per cent share of the country's beer market. And with Rembrandt's backing could afford a drawn-out price war.

Next in line for funds from the capital market is state controlled steel company Iscor. It is looking for loan funds of R60m with maturities ranging from eight to 21 years and yields to redemption from 10.58 per cent to 10.10 per cent. The locally registered loan stock is being underwritten by Volkskas Merchant Bank, Union Acceptances and Central Merchant Bank.

Six months ago it was unlikely that a borrower with SA Breweries' Triple-A rating would have been able to raise funds at less than 11.5 per cent. At present SA Druggists, which is part of the Sanlam Group, is testing the market with a 13-year debenture at 11.4 per cent. Despite Sanlam's implied backing, SA Druggists' credit rating is nowhere near as high as SA Breweries. But a recent R10m debenture issue by the engineering company, Associated Engineering carried a 12 per cent coupon, while the industrial conglomerate, Protea's R8m debenture issue was recently placed at 12.1 per cent.

Kensington branch brings Coutts' network to 11

BY MICHAEL BLANDEN

COUTTS, THE up-market bank owned by National Westminster, has opened a branch in High Street Kensington, London.

The branch, in an area which has become increasingly popular in recent years with wealthy residents, brings the bank's network to 11.

Mr. Julian Robarts, the deputy managing director, said that the opening was part of the planned programme of expansion. "We have chosen Kensington because we believe that this is an area where our high standard of personal service will be especially appreciated," he added.

The branch has been taken over by Coutts from its parent, NatWest, which relinquished the premises as part of its own rationalisation.

Coutts, which offers a personal service to customers prepared to pay rather more than at other clearing banks, has recently been expanding its network. It moved outside London with the opening of a branch in Bristol in 197[illegible] and a representative office in Norwich last June, and is considering further expansion.

The bank expects to be able to return to its head office in the Strand, which has been under reconstruction for five years, towards the end of this year.

Name change

CARRERAS OF Northern Ireland has become Carreras Rothmans (Northern Ireland). Lord Dunleath, chairman, said yesterday that the new name reflected the company more accurately

APPOINTMENTS

Kellogg executive changes

Mr. K. A. Branton has been appointed deputy chairman of KELLOGG COMPANY OF GREAT BRITAIN having been assistant managing director, corporate planning. Mr. J. K. S. Fielding has become director, corporate development, from his previous position as director administration and legal services. Mr. J. G. Tracy has been made managing director, frozen foods division. He was assistant managing director, sales and marketing, and will retain his position on the Board of Kellogg Company of Great Britain. Mr. M. H. Darling is now assistant managing director, sales and marketing. Mr. Darling joined the UK company recently after holding various posts at Kellogg Salada Canada.

★

Mr. Angus Maitland has joined CHARLES BARKER CITY to take responsibility for developing the agency's planning and research facilities. He was previously with the Weir Group. Mr. Peter Rees and Mr. Simon Dixon have been appointed associate directors of CBC.

★

Mrs. Helen Waudby has been appointed a director of MERCANTILE CREDIT COMPANY. She is the first woman to join the Board of the company.

★

Mr. Keith Macdonald, who was deputy managing director of IPC INDUSTRIAL PRESS, has been appointed managing director. Mr. Peter Waygood has been made publishing director and has joined the Board of the company.

★

INTERTRUCK has made the following appointments to the Board: Mr. Douglas J. Eaton (sales and marketing), Mr. Michael Colyer (operations) and Mr. Richard Derry (buying).

★

Mr. Jacques Boel (Belgian) has been appointed a director of HELICAL BAR.

★

Mr. David Ashmore has joined DOWTY SEALS as executive director, marketing and sales.

★

Mr. Robert P. Pease has been appointed a director of Thompson Graham (Reinsurance Brokers). He was formerly a director of the Latin America Area Division of J. H. Minet and Co. Mr. Keith T. Barham has been made a director of Thompson Graham (Aviation Brokers). The following have become assistant directors of *THOMPSON GRAHAM AND CO.*: Mr. R. N. Austen, Mr. D. K. Bryan, Mr. N. Fenner-Fownes, Mr. D. C'O. Ford, Mr. J. Gibbard and Mr. B. West.

★

Six new members of the SCOTTISH ARTS COUNCIL have been appointed for the next three years. They are Mr. Charles Drury, Mr. Bill McCue, Mr. John Murray, Mr. Michael Spens, Mr. Nigel Thomson and Mr. Hugh Rae. Mr. H. J. Barnes, Mr. Alastair Fowler, Mr. John Knox, Mr. Ben Smith and Mr. Derick Thomson have retired or resigned. Mr. Michael Flinn is leaving the Council at the end of September.

★

CONTINENTAL ILLINOIS NATIONAL BANK and TRUST COMPANY OF CHICAGO, which will officially open its new European headquarters building at 162, Queen Victoria Street, London, in the week of September 17, has made two appointments. From October 1, Mr. Kirk R. Hagan, who was manager of Continental's London City branch since January 1976, will become a section head in the European headquarters office in London. Mr. J. Roy Degenhardt, until recently manager of the bank's branch in Taipei, Taiwan, will succeed Mr. Hagan *at the London branch.*

★

Mr. Peter Reynolds, a director of Bayfine, has been appointed managing director of HIGHGATE OPTICAL AND INDUSTRIAL COMPANY. He succeeds Mr. Francis Strauss, who becomes director of the frames division.

★

Mr. Geoffrey Spencer has been appointed manager of the new *branch of* COUTTS AND CO at 138, High Street Kensington, London.

★

Mr. Ken Winkle has been appointed to the Board of BRITISH COD LIVER OILS as export director. The company is a subsidiary of Imperial Foods.

★

Mr. H. G. High has been appointed to the board of the MIDLAND EDUCATIONAL COMPANY.

★

Mr. John O'Sullivan, marketing manager, has been appointed to the Board of PROWTING ESTATES.

CONTRACTS

SLP Group wins £6m Fulmar Field work

Shell/Esso have awarded a £6m contract for the construction of two modules for their Fulmar Field "A" platform to the SLP GROUP. The platform units, one for power generation, will be built by SLP Fabricating Engineers at Lowestoft. Work will begin immediately and the modules are due to be floated out to the platform in May 1980. The Fulmar Field, with estimated recoverable reserves of 500m barrels of oil, is due to come on stream in 1981.

★

DOWTY ROTOL, Cheltenham, has been awarded contracts initially worth £3.1m from British Aerospace to design and manufacture the landing gear and flap operating system for the new BAe 146 four-jet feederliner. The landing gear has been engineered to permit rough-field operations with BAe 146. Both systems will be produced at Dowty Rotol's factory at Staverton, near Gloucester.

★

Conoco is planning to build a £630,000 simulated control room for training operators to work on the main offshore platform for its North Sea Murchison Field. The training device will be developed by REDIFON SIMULATION.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
De Beers Defd.	R0.05	12	448	−3	464	285
BATs Defd.	25p	10	282	−1	304	227
Barclays Bank	£1	10	358	+6	368	296
Distillers	50p	10	198	+4	204	163
Shell Transport	25p	10	574	+2	602	484
P & O Defd.	£1	9	86	+2	118	83½
BP	£1	8	894	—	926	720
BTR 'New'	Nil/pd.	7	50pm	+4	50pm	42pm
Lloyds Bank	£1	7	268	+3	297	242
Reed Intl.	£1	7	169	+4	169	102
RTZ	25p	7	240	+8	248	164
Bowater	£1	6	199	−3	212	163
Burmah Oil	£1	6	84	+1	84	42
GEC	25p	6	311	+1	317	233
ICI	£1	6	401	+1	414	328

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P.E. Ratio
55	F.P.	31/8	81	71	Carters Superfoods	76	......	w2.4	3.1	4.8	6.8
‡‡	F.P.	—	10½	4	Emray	10½	......	—	—	—	—
85	F.P.	24/8	94	85	Hunting Petr. Services	87	......	4.66	3.0	8.1	6.1
115	F.P.	8/9	154	132	Jones (E.) Jew'lrs 10p	147	......	b5.5	2.1	5.6	12.8

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
10p	—	15/10	14½p	13p	Autocrome 12% Conv Prf.	13½p	......
£99	F.P.	—	99	98	Birmingham Var Rate 85-86	99	+⅛
••	F.P.	8/9	99½	98	Caffyns 10% Pref.	98½	......
£99¾	F.P.	—	100	99½	Camden Var. Rate Red. 1983	99¾	......
£100	£50	15/12	51⅛	50¼	Do. 12¼% Red. 1985	50¼	......
••	F.P.	15/9	98	96	Central & Sheerwood 10% Pref.	97½	+½
••	F.P.	29/9	98	98	Crosby Spring Interiors 10% Pref.	98	......
••	F.P.	29/9	99p	97p	E.R.F. 10% Cum. Pref.	99p	......
¶	F.P.	7/9	99⅜	98	East Anglia Water 7% Red. Pref. 1985	98	......
••	F.P.	29/9	100	99¼	H. R. Holdings 10½% Pref.	100	......
£99½	F.P.	—	99⅝	99¼	Kensington and Chelsea Var. Rate. 1983	99¼	......
••		3/11	78	78	Latham James 8% Cum. Pref.	78	......
••	F.P.	—	85	[illegible]	[illegible] 12% Partly Conv. Una. Ln. '86-'92	85	......
100p	F.P.	7/9	121	115	Negretti and Zambra 9% Cnv. Pref.	117½p	+½
£100	F.P.	—	[illegible]	[illegible]	Northampton Var. Rate Red. 1983	99	......
100p	F.P.	1/9	101p	99p	Pitman 10% Cum. Pref.	99½	+½
••	F.P.	29/9	101p	98½p	Raybeck 10½% Cum. Pref.	100p	......
••	F.P.	15/9	[illegible]	94	Rotork 9¾% Cum. Pref.	95	......
••	F.P.	15/9	98	95½	Sotheby Parke Bernet 9¾% Cum. Pref.	98	......
£99	F.P.	—	100	99¼	Sutton Var. Rate Red. 1985	99⅜	......
£99¾	F.P.	—	99½	99⅛	Strathclyde Var. Rate 1983	98¾	......
£99¾	F.P.	—	99⅞	99⅛	Wandsworth Variable 1983	99¾	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p:	+ or −
66	Nil	19/9	27/10	7pm	4pm	Aaronson Bros.	5pm	......
285	Nil	—	—	50pm	42pm	B.T.R.	50pm	+4
520	Nil	—	—	40	32	Bank of Montreal	33	−1
50	F.P.	30/8	24/11	74	67	Blackwood Hodge	74	+4
118	Nil	21/9	3/11	16pm	15pm	Chubb	15pm	......
FF110	Nil	—	—	20pm	20pm	Cie. Fr. Petroles	20pm	......
65	Nil	—	—	9½pm	9pm	Dorada	9½pm	+½
74	Nil	—	—	11pm	10pm	Initial Services	10½pm	+½
10	Nil	—	—	2pm	1pm	††Kunick Hldgs.	1pm	−1
70	F.P.	10/8	21/9	95	78	Leech (Wm.)	93	......
77	Nil	11/9	27/10	9pm	5½pm	Lex Services	5½pm	−1
94	F.P.	21/8	4/10	111	104	Property Partnerships	110	−1
200	Nil	—	—	89pm	85pm	Ricardo Eng.	84pm	......
110	F.P.	14/8	8/9	159	134	Tecalemit	153	......
100	F.P.	25/8	22/9	122	119	Williams J'm's 9.5% CvCmIrRdPf	122	......
84	F.P.	18/8	15/9	104	90	Yorkshire Chemicals	95	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. s Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Sept. 6, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues., Sept. 5 Index No.	Mon., Sept. 4 Index No.	Fri., Sept. 1 Index No.	Thurs., Aug. 31 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	242.48	+0.6	15.98	5.11	8.57	241.04	237.59	239.56	240.18	221.13
2	Building Materials (27)	215.26	+0.3	16.34	5.21	8.44	214.68	212.21	214.62	215.27	198.32
3	Contracting, Construction (27)	404.17	+0.3	17.23	3.84	8.42	402.90	396.12	395.78	395.87	343.24
4	Electricals (14)	532.58	+0.7	13.62	3.48	10.14	528.71	514.76	521.97	523.59	[illegible]
5	Engineering Contractors (14)	348.91	+0.8	18.45	5.97	7.31	346.11	344.24	349.08	358.11	323.40
6	Mechanical Engineering (72)	194.48	+1.0	16.92	5.59	7.89	192.63	190.72	191.70	192.29	182.42
8	Metals and Metal Forming (16)	174.06	+0.1	16.17	8.16	8.42	173.86	173.14	173.91	174.15	171.60
	CONSUMER GOODS										
11	(DURABLE) (52)	217.69	+0.1	16.13	4.86	8.63	217.52	213.17	214.40	214.86	210.34
12	Lt. Electronics, Radio TV (15)	266.77	—	14.11	3.84	9.91	266.89	260.71	262.43	263.14	[illegible]
13	Household Goods (12)	180.87	+1.2	16.66	6.26	8.27	178.65	178.24	178.58	178.70	182.86
14	Motors and Distributors (25)	131.60	—	19.30	6.22	7.19	131.55	129.10	129.79	130.00	126.76
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	217.38	+0.4	15.04	5.55	8.97	216.51	212.44	213.60	214.94	[illegible]
22	Breweries (14)	231.66	+0.9	14.98	6.05	9.18	229.68	226.99	228.23	230.39	212.16
23	Wines and Spirits (6)	282.52	+1.7	15.08	5.08	9.89	277.87	270.28	274.38	275.03	[illegible]
24	Entertainment, Catering (17)	263.05	+0.4	15.43	6.61	9.46	262.06	255.39	261.55	263.35	250.84
25	Food Manufacturing (21)	212.74	+0.1	17.86	5.20	7.39	212.59	209.69	209.33	210.87	204.31
26	Food Retailing (15)	224.06	+0.6	13.56	4.60	10.23	222.62	218.79	218.84	220.38	214.42
32	Newspapers, Publishing (13)	397.25	+0.9	10.22	3.18	13.96	393.67	391.56	392.53	392.76	[illegible]
33	Packaging and Paper (15)	149.61	+0.2	17.39	7.11	7.56	149.29	146.33	147.14	146.97	142.55
34	Stores (40)	206.64	+0.2	10.45	4.37	14.04	206.14	201.12	202.04	203.37	191.65
35	Textiles (25)	178.43	−0.1	18.41	7.76	7.08	178.58	176.25	177.54	177.95	[illegible]
36	Tobaccos (3)	254.71	+0.4	21.61	7.36	5.48	253.73	249.13	250.10	252.59	[illegible]
37	Toys and Games (6)	117.09	−0.1	19.36	5.45	6.04	117.23	116.74	116.73	116.42	114.04
41	OTHER GROUPS (98)	212.24	+0.4	15.21	5.54	8.58	211.48	208.35	209.33	209.56	[illegible]
42	Chemicals (19)	300.97	+0.4	16.53	6.02	8.23	299.87	295.10	296.16	295.33	[illegible]
43	Pharmaceutical Products (7)	277.67	+0.1	10.32	3.68	11.97	277.43	274.01	274.85	274.94	[illegible]
44	Office Equipment (6)	144.05	+0.9	16.71	5.28	7.09	142.76	140.66	142.17	142.15	[illegible]
45	Shipping (10)	416.22	+1.5	17.37	7.32	7.09	410.26	410.35	412.71	412.72	[illegible]
46	Miscellaneous (56)	224.43	+0.2	16.29	5.98	8.14	223.94	219.91	221.11	222.46	[illegible]
49	INDUSTRIAL GROUP (495)	229.64	+0.4	15.40	5.39	8.75	228.68	224.85	226.20	227.05	[illegible]
51	Oils (5)	507.07	+0.2	14.54	3.90	7.46	506.15	496.77	499.68	499.72	[illegible]
59	500 SHARE INDEX	252.95	+0.4	15.27	5.17	8.53	251.98	247.69	249.17	249.98	[illegible]
61	FINANCIAL GROUP (100)	172.03	−0.1	—	5.61	—	172.28	169.44	170.26	170.95	165.95
62	Banks (6)	194.05	+1.0	24.09	6.03	6.23	192.22	188.48	189.73	189.77	[illegible]
63	Discount Houses (10)	210.66	+0.2	—	8.21	—	210.28	210.28	214.38	214.38	208.85
64	Hire Purchase (5)	162.44	+1.0	15.00	5.07	8.80	160.77	158.83	159.10	159.91	155.42
65	Insurance (Life) (10)	144.73	+0.5	—	6.29	—	143.99	141.77	142.86	144.12	[illegible]
66	Insurance (Composite) (7)	128.34	−2.3	—	6.72	—	131.36	128.68	129.12	130.48	[illegible]
67	Insurance Brokers (10)	355.83	+0.7	13.31	4.46	10.75	353.21	347.21	348.20	350.35	365.05
68	Merchant Banks (14)	84.85	+0.4	—	5.79	—	84.52	84.37	84.71	85.11	81.52
69	Property (31)	257.50	+0.1	3.34	2.92	51.92	257.26	253.39	254.38	253.77	[illegible]
70	Miscellaneous (7)	112.47	−0.1	22.47	7.43	5.76	112.54	112.15	112.26	112.26	[illegible]
71	Investment Trusts (50)	225.53	+0.3	3.09	4.58	32.38	224.77	223.24	225.47	229.08	[illegible]
81	Mining Finance (4)	107.59	+1.8	16.40	6.62	7.42	105.66	104.68	105.31	106.38	102.11
91	Overseas Traders (19)	329.77	+0.3	15.13	6.78	8.28	328.86	327.32	327.58	329.61	[illegible]
99	ALL-SHARE INDEX (673)	231.82	+0.3	—	5.28	—	231.08	227.38	228.71	229.66	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., Sept. 6	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.85	+0.10	—	6.70
2	5-15 years	115.26	—	—	7.19
3	Over 15 years	121.01	—	—	9.36
4	Irredeemables	127.00	—	—	9.02
5	All stocks	113.09	+0.04	—	7.80

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Wed., Sept. 6	Tues., Sept. 5	Year ago (approx.)
1	Low Coupons	5 years	8.81	8.82	[illegible]
2		15 years	10.91	10.90	[illegible]
3		25 years	11.62	11.61	[illegible]
4	Medium Coupons	5 years	11.61	11.65	9.57
5		15 years	12.11	12.10	[illegible]
6		25 years	12.12	12.11	[illegible]
7	High Coupons	5 years	11.55	11.58	[illegible]
8		15 years	12.62	12.62	[illegible]
9		25 years	12.83	12.82	[illegible]
10	Irredeemables		11.61	11.61	[illegible]

		Wed. Sept. 6 Index No.	Wed. Sept. 6 Yield %	Tues. Sept. 5	Monday Sept. 4	Friday Sept. 1	Thurs. Aug. 31	Wed. Aug. 30	Tues. Aug. 29	Friday Aug. 25	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.84	†12.84	57.84	57.83	57.79	57.80	57.81	57.82	57.82	[illegible]
16	Investment Trust Prefs. (15)	51.38	13.64	51.38	51.52	●51.60	51.14	51.27	51.52	51.32	[illegible]
17	Coml. and Indl. Prefs. (20)	70.66	12.93	70.66	70.69	70.64	70.67	70.75	70.82	70.88	71.35

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. ● Corrected.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Gold Mines F.T.	+39.71	All-Share Index	+7.71
Mechanical Engineering	+19.71	Stores	+6.30
Mining Finance	+19.30	Consumer Goods (Non-Durable) Group	+6.24
Contracting and Construction	+18.43	Pharmaceutical Products	+5.98
Overseas Traders	+17.09	Oils	+5.95
Toys and Games	+16.31	Food Manufacturing	+5.77
Engineering Contractors	+16.24	Insurance Brokers	+5.47
Office Equipment	+15.56	Property	+5.13
Electricals	+15.39	Textiles	+4.40
Capital Goods Group	+15.36	Food Retailing	+3.63
Electronics, Radio and TV	+14.89	Insurance (Life)	+2.67
Packaging and Paper	+14.86	Merchant Banks	+2.61
Chemicals	+14.55	Entertainment and Catering	+0.28
Newspapers and Publishing	+13.61	Financial Group	−0.06
Consumer Goods (Durable) Group	+12.36	Breweries	−0.28
Motors and Distributors	+11.96	Banks	−1.95
Building Materials	+11.87	Household Goods	−2.18
Tobaccos	+11.80	Hire Purchase	−3.19
Wines and Spirits	+9.75	Insurance (Composite)	−4.51
Industrial Group	+9.55	Discount Houses	−6.41
Other Groups	+9.13	Shipping	−12.67
500 Share Index	+9.02		
Metal and Metal Forming	+8.19		
Investment Trusts	+8.14		

† Percentage changes based on Tuesday, September 5, 1978 indices.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. Ltd. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Capital	35.6	37.9	+0.3	4.15
Abbey Income	42.1	44.8	+0.3	5.68
Abbey Inv. Tst. Fd.	37.9	40.3	+0.3	4.20
Abbey Gen. Tst.	49.1	52.2	+0.4	4.04
Equitas Prog. Tst.	70.4	74.3	+0.5	3.84

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	69.6	74.4xd	+0.7	5.46
Brit. Inds. Fund	66.8	71.4	+0.6	5.24
Grth. & Inc.	39.6	42.4	+0.3	4.95
Elect. & Ind. Dev.	36.4	38.9	+0.2	4.65
Allied Capital	76.5	81.9	+0.5	4.15
Hambro Fund	112.1	119.9	+1.1	4.75
Hambro Acc. Fd.	127.8	136.7	+0.9	4.21
Income Funds				
High Yield Fd.	74.1	79.3xd	+0.3	7.71
High Income	68.1	72.8xd	+0.5	6.66
A.H. Eq. Inc.	40.7	43.5xd	+0.3	6.89
International Funds				
International	28.1	30.3		2.26
Pacific Fund	50.6	54.2	−0.7	1.84
Secs. Of America	57.9	61.9		1.85
U.S.A. Exempt	98.1	103.3	+0.5	1.45
Specialist Funds				
Smaller Co.'s Fd.	39.5	42.3	+0.3	4.37
2nd Smlr. Co's Fd.	48.4	51.8xd	+0.3	4.59
Recovery Sits.	98.5	105.4	+0.9	5.12
Met. Min. & C'dty.	43.9	46.9	+0.4	4.88
Overseas Earnings	61.3	65.6	+0.5	4.42
Expt. Smlr. Co's	244.2	257.1	+1.2	4.66

Anderson Unit Trust Managers Ltd.
158 Fenchurch St. EC3M 6AA 623 9231

Anderson U.T.	91.3	99.4		5.42

Ansbacher Unit Mgmt. Co. Ltd.

Friends' Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	46.4	49.6	+0.7	3.87
Do. Accum.	60.8	64.1	+0.9	3.87

G.T. Unit Managers Ltd.
16, Finsbury Circus EC2M 7DD 01-628 8131

G.T. Cap. Inc.	89.6	95.3		3.40
Do. Acc.	108.4	115.3		3.40
G.T. Inc. Fd. Un.	166.5	177.7xd		8.30
G.T. U.S. & Gen.	148.9	158.4		2.20
G.T. Japan & Gen.	395.4	374.1		0.80
Gt. Pens. Ex. Fd.	141.2	148.2		4.80
G.T. Int'l. Fund	154.3	164.1xd		1.70
G.T. Four Yds Fd.	56.9	60.5		7.20

G. & A. Trust (a) (g)
5, Rayleigh Rd., Brentwood (0277) 227300

G. & A.	34.8	37.1	+0.2	4.47

Gartmore Fund Managers (a)(g)
2, St. Mary Axe, EC3A 8BP. 01-283 3531

(z)American Tst.	31.8	34.2	+0.3	0.01
British Tst. (Acc.)	60.4	65.0xd	+0.3	2.84
Commodity Share	171.4	184.3	+1.0	2.81
Extra Income Tst.	25.5	27.4	+0.2	8.32
(z) Far East Trust	40.9	44.0	−0.3	0.56
High Income Tst.	61.1	65.7xd	+0.3	8.59
Income Fund	77.6	83.4xd	+0.6	5.82
Ins. Agencies	14.82	15.84	+0.15	2.77
Intl. Exempt Fd.	91.7	99.0	+0.4	5.39
(z)Intl. Tst. (Acc.)	36.4	39.1	+0.4	0.92

Gibbs (Antony) Unit Tst. Mgs. Ltd.
3, Frederick's Pl., Old Jewry, EC2. 01-588 4111

(a) A.G. Income*	45.3	47.8		8.00
(a) A.G. Growth††	40.8	43.9		4.50
(a) A.G. Far East*	27.7	30.1xd		0.30

Dealing *Tues. ††Wed.

Govett (John)
77, London Wall, E.C.2 01-588 5620

S'hlr. August 25	153.6	161.9		1.63

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

CORAL INDEX: Close 503-508

INSURANCE BASE RATES

† Property Growth
† Vanbrugh Guaranteed 8.37%

† Address shown under Insurance and Property Bond Table.

NOTES

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung '24 Ass.	50	....	4½	5.59
77	65	Iceland 6½pc '83-88	66		—	12.70
88	82½	Ireland 7½pc '81-83	83	+½	7½	12.60
91	79	Do 9¾pc '91-96	79¾xd	.....	9¾	12.44
425	265	Japan 4pc '10 Ass.	390	.....	—	—
87	68½	Do 6pc '83-88	72	.....	6	10.70
160	140	Peru Ass 3pc	140	.....	3	2.17
75p	75p	S.G.I. 6½pc 1980	75p	....	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	.....	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	.....	6½	8.80
97	94	Uruguay 3½pc	97		3½	3.60

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
217	155	Hambros	185	...	9.76	—	7.9	—
100	81	Hill Samuel	95	......	4.97	—	7.8	—
600	325	Do Warrants	350	.....	—	—	—	—
360	203	Hong Shng $2.50	329	.....	hQ59c	—	2.1	—
69	52	Jessel Toynbee	56	−2	h3.32	—	8.9	—
215	160	Joseph (Leo) £1	205	+5	8.74	—	6.4	—
52	37	Keyser Ullmann	49	+1	0.67	—	2.0	—
74	56	King & Shax 20p	60	...	3.44	—	8.6	—
114	90	Kleinwort B.L.	107	.....	4.18	—	5.8	—
297	242	Lloyds £1	268	+3	19.23	4.8	5.1	6.1

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Five to Fifteen Years

Over Fifteen Years

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INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly	24	....	—	—
41	33	Do 5pc Pref	41	..	—	—
98	98	Chilean Mixed	98	....		13.10
415	250	German Yng 4½pc	411	......	4½	—
54	43	Greek 7pc Ass	52	......	3½	16.90
51	46	Do 6pc 28 Stab Ass	50	......	6	16.04
44	40	Do 4pc Mixed Ass	42	......	4	15.05

BANKS & HP—Continued

Hire Purchase, etc.

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[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	174	......	Q50c	1.3	24.5
24	15	Rhod'n Corp 16⅔p	18	......	0.57	7.1	4.7
80	52	Roan Cons K4	65	......	—	—	—
		For Tanganyika see Tanks—Mines Finance					
41	32	Wankie Col. Rh1	37	......	†Q7½c	1.4	17.3
17½	10	Zam.Cpr SBD0.24	15	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	......	—	—	—
140	64	Bougainville 50 Toea	137	......	†Q8c	1.4	3.7
125	63	BH South 50c	111	+1	—	—	—
820	150	Central Pacific	450	+25	—	—	—
336	148	Conzinc Riotinto 50c	336	+18	‡Q10c	2.2	‡
27	9½	Endeavour 20c	26½	−½	—	—	—
72	45	G.M. Kalgoorlie $1	57	−1	—	—	—
68	18	Haoma Gold N.L.	68	+2	—	—	—
140	81	Hampton Areas 5p	131	−1	t3.55	2.0	4.0
40	10	Metals Ex. 50c	38	+2	—	—	—
223	125	M.I.M. Hldgs. 50c	208	+1	Q9c	1.7	2.7
39	10	Mount Lyell 25c	32	+1	—	—	—
6½	1½	Newmetal 10c	5¼	......	—	—	—
143	79	North B. Hill 50c	122	+2	Q8c	φ	4.1
16½	8½	Nth. Kalgurli	15	......	—	—	—
50	12	Nth West Mining	50	......	—	—	—
178	117	Oakbridge $A1	157	−2	†Q11c	1.9	4.4
70	30	Pacific Copper	60	......	—	—	—
£15½	750	Pancont'l 25c	£14¼	+⅛	—	—	—
40	12	Paringa M&Ex. 5p	32	−½	—	—	—
570	310	Peko-Wallsend 50c	570	+6	Q15c	φ	1.6
300	50	Southern Pacific	180	+10	—	—	—
160	84	Westn. Mining 50c	156xd	+2	Q3c	φ	‡
70	35	Whim Creek 20c	55	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	27	......	2.82	φ	16.9
420	240	Ayer Hitam $M1	380	+5	‡Q42½c	0.9	‡
60	45	Beralt Tin	55	......	3.81	4.4	10.8
305	200	Berjuntai $M1	270	......	Q110c	φ	8.8
145	111	Geevor	140	......	0.04	φ	5.4
10½	8½	Gold & Base 12½p	10	......	—	—	—
320	220	Gopeng Cons.	320	+5	15.23	0.9	7.2
220	130	Hongkong	220	......	—	—	—
93	73	Idris 10p	93	......	‡12.0	1.6	‡
11	8	Jantar 12½p	6	−1	—	—	—
84	68	Kamunting $M0.50	79xd	......	Q12½c	φ	3.4
640	450	Killinghall	640	......	Q125	φ	20.2
470	280	Malay Dredging $M1	455	+5	†Q95c	0.8	4.5
78	40	♦Pahang	74	......	‡Q3.75c	0.5	‡
78	50	Pengkalen 10p	76	......	6.60	1.3	13.0
270	165	Petaling $M1	270	......	†Q80c	1.6	6.8
64	49	Saint Piran	60xd	+3	2.03	φ	5.0
61	47	South Crofty 10p	57	+1	4.19	2.0	11.0
245	140	South Kinta $M0.50	225xd	+5	Q70c	φ	6.7
340	230	Sthn Malayan $M1	325	+5	‡Q131.3c	1.1	8.7
240	134	Sungei Besi $M1	220	......	Q65c	φ	6.4
85	55	Supreme Corp. $M1	70	......	ZQ10c	—	3.1
100	85	Tanjong 15p	90	......	6.50	0.8	10.9
100	74	Tongkah Hrbr. $M1	90	......	[illegible]	1.6	‡
270	148	Tronoh $M1	242	......	ZQ68c	1.6	7.8

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	85	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	50	......	—	—	—
17	9	Burma Mines 17½p	13	......	—	—	—
300	215	Cons. Murch. 10c	275	+10	‡Q30c	2.6	‡
465	245	Northgate C$1	365	+10	—	—	—
248	164	R.T.Z.	240	+8	9.5	2.8	5.9
90	30	Sabina Inds. C$1	51	−1	—	—	—
£12	750	Tara Expln. $1	875	−3	—	—	—
73	43	Tehidy Minerals 10p	70	+1	φ1.35	φ	2.9
185	120	Yukon Cons. C$1	155	−3	Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 32

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25	......
Ash Spinning	46	......
Bertam	20	......
Bdg'wtr. Est. 50p	311xd	......
Clover Croft	26	......
Craig & Rose £1	520	......
Dyson (R. A.) A.	39	......
Ellis & McHdy	63	......
Evered	27	......
Fife Forge	52xd	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	115	......
Higsons Brew	77	......
I.O.M. Stm. £1	152	......
Holt (Jos.) 25p	260	......
N'thn. Goldsmith	64	−2
Pearce (C. H.)	185	......
Peel Mills	20	......
Sheffield Brick	45	+1
Sheff. Refrshmt.	63	......
Sindall (Wm.)	105	......

IRISH

Conv. 9% '80/82	£92⅛	+⅛
Alliance Gas	63	+1
Arnott	360	......
Carroll (P.J.)	100	−3
Clondalkin	87xd	+2
Concrete Prods.	132xd	......
Helton (Hldgs.)	48	......
Ins. Corp.	160	......
Irish Ropes	130	......
Jacob	63	......
Sunbeam	33xd	......
T.M.G.	168	+3
Unidare	107	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intreuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
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Hawker Sidd.	20	Tesco	4		
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A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday September 7 1978

Rhodesian Government fails to meet black-rule date

BY OUR FOREIGN STAFF

THE RHODESIAN Government finally admitted yesterday that it would now be administratively impossible to meet the December 31 target date for the hand-over of power to a black government.

At the same time, Mr. Ian Smith, the Prime Minister, promised the nation tough action in the wake of the killing by guerrillas of the survivors of last weekend's Air Rhodesia plane crash.

He did not spell out what measures he was contemplating, but he told a hushed *Parliament* that they might upset Rhodesia's friends in the world. "They have got to realise there is a limit beyond which we cannot go," he said.

"We cannot go on allowing our reasonableness to be misinterpreted by others as weakness. They believe they have got us on the run and can push us around. I warn them they have seriously misjudged the case."

Although Mr. Smith did describe the Government's premised action, there was speculation that it might launch a revenge strike into neighbouring Zambia and Mozambique against guerrilla bases.

.. Mr. Rollo Hayman, Joint Minister for Internal Affairs, told Parliament that it would be impossible to meet the December 31 hand-over date.

The Government set up under Rhodesia's so-called internal settlement last March has still to publish its independence constitution. Mr. Hayman estimated that it would take at least four months from agreement on the constitution before a majority rule Government could come into being.

The December 31 date had been pyschologically important *for the Salisbury Government* and its deferral is yet another severe blow to the credibility of the interim administration, which has failed to stop the guerrilla war.

Government officials have also acknowledged that it would be extremely difficult to conduct a free and fair election while large tracts of the country are under guerrilla control.

Meanwhile, in London, Dr. David Owen, the British Foreign Secretary, yesterday delivered an 11th-hour appeal for a spirit of compromise among the parties to the Rhodesia dispute—but he offered no real hope that such a compromise was in prospect.

Speaking to a meeting of the Royal Commonwealth Society, he *said Britain* was still working for a round-table conference on Rhodesia and added that it would "be preferable to have a temporary ceasefire while negotiations continue."

If this was not possible then at the very least he would urge leaders on all sides to send out orders that "they will not tolerate incidents involving the loss of life of innocent civilians and that, if there are such incidents, those responsible would be brought to account."

Former Minister defends role

BY OUR FOREIGN STAFF

LORD THOMSON of Monifieth, the former Commonwealth Secretary at the centre of the Rhodesian oil sanctions controversy, last night defended his role, and that of the 1966-70 Labour Government, in the enforcement of sanctions.

However, a lengthy statement issued by Lord Thomson implicity contradicted Sir Harold Wilson's assertion that, when Prime Minister, he had received no reports of British oil companies breaking sanctions.

Lord Thomson said he had *exercised his rights as a former* Cabinet Minister to consult the appropriate papers and these confirmed that he conveyed in writing to the Prime Minister and other Ministers most directly concerned a full account of all that passed at the meetings with the oil companies.

"The obvious ineffectiveness of *Rhodesian oil sanctions* and the implications this constituted for the British oil companies were in fact discussed frequently by the Ministers concerned before I joined the Cabinet, during my period as Commonwealth Secretary, and afterwards."

In a separate development, Dr. David Owen, the Foreign Secretary, yesterday said he *believed* no oil had been going to Rhodesia directly from British companies "for some years."

He told a meeting of the Royal Commonwealth Society in London that "since the summer of last year no oil—I am assured—from British companies, irrespective of whether they have subsidiaries in other countries, is reaching Rhodesia."

Lord Thomson, who as Mr. George Thomson had departmental responsibility for Rhodesia from August 1967 to October 1968, was one of the major figures who gave evidence *to the recent inquiry* by Mr. Thomas Bingham, QC, into the breaking of sanctions by British oil companies.

Accusations

Although the Bingham report has yet to be published, reports of its contents indicate that Lord Thomson played a central role in liaison between the Government and the oil companies over the enforcement of sanctions.

Defending his actions, Lord Thomso last night said that it transpired that between 1965 and 1967—unknown to the London Boards of the oil companies and despite their instructions to their subsidiaries—British oil was *being diverted straight into* Rhodesia from Lourenco Marques, the Mozambique capital.

From 1968 to 1970, the Government had made arrangements with the oil companies to prevent any further British oil reaching Rhodesia, he said.

Lord Thomson said the 1968 ararngements were "second best" since they did not stop Rhodesia getting oil. "But they did mean the Government was ensuring that British companies under their jurisdiction were observing British law and that was of capital importance in maintaining the pressure *on Smith for a* negotiated settlement."

Lord Thomson's statement did not spell out what those arrangements were, but other evidence presented to the Bingham inquiry suggests that the South African subsidiaries of British oil companies arranged a complicated 'swop' with the French group, Total: *they would supply Total* with oil, which would then channel it into Rhodesia.

Lord Thomson said that accusations that the Government was party to the "swop" with Total "miss the reality of the situation."

The exchange agreement had been made under South African *law and was outside British* jurisdiction. The UK Government had had no power to stop it, but it had applied diplomatic pressure on the French Government to stop the flow of oil.

Lord Thomson asserted that the Wilson Government had "stopped the flow of British oil into Rhodesia from Lourenco Marques by insisting that the oil companies ceased offloading any oil in Mozambique and delivered it all to South Afrfica."

Liberal call

● Mr. David Steel, the Liberal leader, said yesterday that the Liberals would demand a full explanation when Parliament reassembled of how successive British Governments had allowed oil sanctions to be so ineffective.

The British taxpayer had paid £200m for an apparently useless blockade and the prosecution of minor figures for breach of sanctions was no substitute fdor an open and searching inquiry into the political failure of the Wilson and Heath Governments to implment their declared policy.

There could be little doubt that but for this failure a peaceful transition to majority rule could have been brought about without the bloodshed and atrocity which had built up to such a horrifying extent *in Rhodesia*.

£10.5m first half loss by Sun Alliance

BY ADRIENNE GLEESON

ALMOST £12m was wiped off the stock market capitalisation of Sun Alliance & London Insurance yesterday afternoon, when publication of the company's interim results showed the extent of its underwriting losses in the six months to the end of June.

Against the £2.8m profit made on underwriting fire, accident and marine business in the first six months of 1977, Sun Alliance lost £10.5m in the first half of this year.

Mr. W. G. Niven, one of the company's general managers, said yesterday that losses were *likely to continue* into the second half of the year, but on a smaller scale. *Nevertheless, the company's shares* closed 24p down at 534p.

After allowing for £1.4m profits on the long-term insurance busines, and investment income up 12.5 per cent at £29.7m, pre-tax profits for the first six months showed a decline of just under £10m at £20.7m.

Jremium income, up by 11 per cent at £268.2m, reflected the effects of parity chanees. If currencies had been stable the increase would have been nearer 14 per cent.

Lord Aldington, chairman of Sun Alliance, told shareholders at the annual meeting in May that underwriting experience in the first quarter had been had because of the severe weather, the firemens' strike and the increased incidence of motor claims.

Since then, the second quarter has proved to be disappointing. Recovery was slow on the home front, and underwriting losses *continued, though on a very* much reduced scale. There was also a marked deterioration in the overseas busines, largely because of competition and government restrictions in Western Europe.

Mr. Niven said yesterday that he thought that the company had also been "a little unforlunate" in the series of large exceptional losses it incurred in some out-of-the-way territories, in the first half.

Problems in the UK now mainly concern the low level of cover taken out on household (house and contents) business, in which Sun Alliance has a large (approximately 14 per cent) share of the UK market.

Sun Alliance introduced a policy of encouraging policy-holders to index-link their sums assured a year ago, and has recently adopted a tough line towards those who decline to raise their sums assured to keep up with price rises.

Other insurance results Page 20

THE LEX COLUMN

Boardroom puzzle at P and O

P and O's interim result are predictably bad. Pre-tax profits have slumped from £26.9m to £1.1m and after taxation there is an attributable loss of £4.4m. But this has not stopped the company dipping into its reserves to pay an unchanged dividend and the shares rose 2½p to 86½p.

The results themselves hold few surprises. The interest charge has risen by £2.6m to a hefty £17m, the bulk shipping side has sailed deeper into the red and pre-interest profits of the general cargo business have collapsed from £21.8m to £9m. Fierce competition in the North Sea has hit the profits of the European transport side while the much vaunted energy operation has been losing money. *Meanwhile* the Bovis business and the passenger-cruise side have done somewhat better.

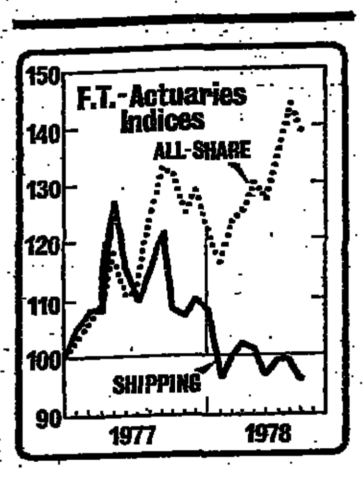
It looks as if the last half saw the worst, as far as P and O is concerned, and although the group is not expecting to make money on its bulk shipping operation until 1980, the second six months of the year should see some recovery. Even if pre-tax profits for the whole of 1978 only of the order of £10m-£15m, say, the dividend does not seem to be in imminent danger.

However, the real mystery about the interim statement is the news of the management reshuffle with Lord Inchcape (a non-shipping man) taking over the chief executive functions from Mr. Sandy Marshall. Since P and O fought off the cheeky Bovis bid in 1972 the record of P and O's management (headed by Lord Inchcape) has been far *from spectacular and it is hard* to see why this latest move will alter that. The group did manage to spot the onset of the tanker crisis and take precautionary measures but the takeover of Bovis and the ambitious bid to become the largest independent LPG operator in the world have proved very expensive mistakes. The Group has yet to prove, moreover, that its investment in high risk energy projects is going to be a moneyspinner.

The problems at Bovis seem to have been just about sorted out but the group has still not solved the problems of its heavy exposure to LPG carriers which are standing in the books at £160m with two more worth £40m apiece due for delivery over the next year.

P and O has already once been turned inside out by a boardroom upheaval. In the circumstances it is urgently necessary that a clear statement should be made of what is going on within the management. Yesterday's terse hints will hardly satisfy shareholders.

Index was unchanged at 503.5



Composites

Warning noises from Sun Alliance had not sufficiently softened up the stock market for yesterday's half-time figures, and with pre-tax profits down from £30.4m to £20.7m the shares lost 24p to 534p. The group's above average exposure to storm damage and exaggerated fire losses (after the firemen's strike) early in the year follows inevitably from its big market share of UK property insurance business. Moreover UK motor experience appears to have worsened. The overall impact amounts to a £13.3m turnround in underwriting to a loss of £10.5m.

But although Sun Alliance complains about excessive world insurance capacity and depressed premium rates, there is a heavy exceptional element to its setback, both in terms of UK weather and unusual fire losses in Europe. Certainly the experience of Guardian Royal Exchange has been less severe, though even here the slight deterioration in underwriting losses from £4.3m to £6.1m, and the only modest rise in pre-tax profits from £26.3m to £29.3m, are mildly disappointing. Here too the first quarter in the UK caused problems, with an underwriting loss of £4m on the UK fire account, but this improved to a profit of £1.5m in the second quarter. For the second half, UK business offers substantial recovery potential over a poor period last year, though GRE still faces problems in Germany, while Australia is on a declining trend.

For 1978 as a whole GRE should now be able to produce something over £65m pre-tax, perhaps nearer £70m, against £58.8m. For Sun Alliance, however, the question is whether it can claw back enough in the current half to repeat the 197[illegible] total of £57.2m pre-tax. Meanwhile there are no real surprises from Phoenix, the third composite to report yesterday. Like the two larger groups its underwriting experience is proving sticky outside the US and pre-tax profits after six months are a shade lower at £17m.

Guinness Peat

Has there been misunderstanding over the dividend control rules at Guinness Peat? Last year, following the acquisition of London Electrical and General Trust, Guinness Peat announced that the dividend for 1976-77 was being increased by 20 per cent with the permission *of the Treasury*. This year however, the increase is being limited to 3 per cent on Treasury instructions. GP directors are convinced that the restriction is entirely consistent with the rules, though some are upset at what they see as an anomoly. Oddly enough, there was no reference to the 1976-7[illegible] dividend concession in the LEGT offer document.

Dividends apart, yesterday preliminary figures — showing attributable progts 27 per cent better at £7.9m — are well up to market expectations. With this exception of insurance broking, all divisions seem to have shown good profit growth. The international projects business in particular has contributed to the year's result increasing its contribution to pre-tax profit from 14 to 23 per cent. Below the line the disclosed profit from Guinness Mahon banking activities is up one-third at £1.6m.

Finance directors should note that GP has decided to start writing off its goodwill (shown at £6.7m in last year's balance sheet) as an extraordinary item at what appears to be a rate of 15 per cent a year. The recently approved (though not yet implemented) EEC fourth directive is said to have been a factor here.

At 252p the shares trade on a p/e of 10.36 and a yield of [illegible] per cent after the restriction on the payout.

Express to launch Daily Star early next month

By Ray Perman, Scottish Correspondent

EXPRESS NEWSPAPERS plans to launch the Daily Star —a tabloid—on October 9 or 16.

The group's circulation managers have given notice to wholesalers that they would like to distribute the newspaper from one of those dates.

Time has been booked with independent television companies for an advertising campaign to start on one of those two days.

The paper is to be published from Manchester and is intended to compete in the Sun and Daily Mirror market, rather than with the Daily Express.

Mr. Derek Jameson, editor of the Daily Express, said last night that a firm date had not been decided for the launch but the aim was to get the paper out as early as possible in October.

One factor which will decide how soon the launch comes will be agreement *with unions*.

Earlier losses

Mr. Jameson confirmed that Express is exploring the possibility of printing 50,000 copies by facsimile reproduction in Inverness. The company has been negotiating with North Press, a recently-formed printing business in the town.

The north of Scotland and Aberdeen were areas in which the Daily Express lost circulation heavily after it withdrew from printing in Glasgow.

Now it has to fly copies of thet paper from Manchester to Lossiemouth in order to prevent further losses to the Daily Record — owned by Mirror Group Newspapers and printed in Glasgow—and The Sun, which also is planning to print in Scotland.

"We are hopig that, with the support of the Highlands and Islands Development Board, we can try fascimile printing in Inverness and cut out our air service to Lossiemouth," Mr. Jameson added.

"We are looking at production schedules now to see if it will be possible to include any late news, but we will want to maintain a balance between the needs of the Daily Express, the Scottish Daily Express and the new paper.

"We are exploring the possibility of using facsimile reproduction between London and Manchester and Manchester and Scotland."

No alternative to bid for Chrysler, unions report

BY ALAN PIKE, LABOUR CORRESPONDENT

UNION LEADERS will today consider a report which suggests that there is little realistic alternative to accepting a Peugeot-Citroen takeover of Chryeisr in Europe, although it poses a series of dangers to the British motor industry.

The report, by the main unions with members at Chrysler UK, concludes that the possibility of a counter-bid by BL is for financial, structural and technical reasons "unlikely in the extreme" but that Peugeot-Citroen ownership of Chrysler UK would increase the competitive pressure on the British motor industry.

It therefore suggests the need for closer contacts between BL and a European manufacturer—most obviously Renault or Fiat—with joint production of some models and a co-ordinated component and sales strategy.

Union leaders will be seeing Mr. Eric Varley, Industry Secretary, to discuss the motor industry next week and are likely to argue that European co-operation is the best way of giving BL the size and capability to compete in world markets.

The TUC congress yesterday passed a strong resolution calling for adequate safeguards for employment prospects and the British motor industry in any takeover.

The report is one of the most extensive joint trade unions research exercises yet undertaken. It will be before union officials today, when they meet to consider their reaction to Peugeot-Citroen's failure so far to agree to detailed discussions on the takeover.

In order to be viable the report *says an automotive company has* to become a large multi-national. On the basis of size, the industrial logic of a Peugeot-Citroen takeover of Chrysler is "close to being impeccable."

However, so far as the impact on he British industry is concerned, the inevitable consequences would be to accelerate the technician drain to Europe. It could only further weaken the design capacity of the British motor industry

"Without affecting dramatically employment numbers it will result in further deterioration in the *requirement for skilled* workers." There was a danger of the British car industry becoming "little more than an assembling industry."

The relative weakness of the French components industry motivated the French Government to assist its development *and guard against the expansion* of foreign companies in France.

The major proportion of Chrysler UK components were manufactured in Britain but the takeover could be expected to be detrimental to the British industry unless firm commitments were obtained.

So far as Chrysler's truck operations are concerned the report suggests that Peugeot-Citroen, with no solid base to which to add the existing Chrysler products, might consider re-sale.

The industrial relations record of both Peugeot and Citroen, particularly the latter, is described as "very unfavourable" with the general attitude of both companies regarded as "anti-union."

Presuming a BL bid for Chrysler to be unlikely, the report concludes that the most "realistic and logical alternative" would be for the British Government either to authorise the National Enterprise Board to obtain a substantial share in the Peugeot-Citroen Chrysler UK

Pension funds' protest prompts consultation for takeovers

BY CHRISTINE MOIR

THE PENSION funds' outcry against the technicality which allowed Allied Breweries to issue shares for J. Lyons and Co. without first seeking shareholders' approval is already affecting the attitude of major companies.

In separate meetings later this month two large companies will promise their shareholders that they will fulfil the spirit and not just the letter of the Stock Exchange regulations over major takeovers.

Allied Breweries had claimed that the rules said shareholders' approval was only needed for an acquisition which would divert more than 25 per cent of assets or profits into a new business. Since the Lyons deal did not fall within these criteria, and since it was an extension—not a change—to Allied's own business, approval was not needed.

The pension funds argued that "a change was a change." In taking over a food company with a turnover nearly as big as its own, Allied's business was, perforce, changing and shareholders had a right to decide whether they wanted such a change.

Now, in what is obviously an important precedent, two companies have agreed with the institutions the wording of a promise which will fully satisfy the pension funds' demands.

As a result the *National* Association of Pension Funds has written to members recommending them to approve increases in the capital of the two companies.

The companies involved, Davy International and Unigate, are both seeking increases in their authorised capital above the normal limit which shareholders traditionally approve without question. Unigate wants to increase its capital base by 28 per cent and Davy is looking for nearly 80 per cent more.

The actual wording the companies will use to reassure shareholders is not yet known but Mr. John Read, a director of Unigate, confirmed yesterday that it will fuly clarify the spirit of the Stock Exchange regulations.

"We believe that it is right for shareholders to have a clearer view of the businesses in which they have invested," Mr. Read said, "and it is only right and proper that they should be told when the nature of the business might change."

It is thought that Unigate will give shareholders an example of the sort of takeover which could fairly be defined as a change.

Sir John Buckley, chairman of Davy, also confirmed yesterday that he will be making a statement which would guarantee that the company could not issue shares in a takeover which common sense indicates is a *change in the nature of the* business, without first consulting shareholders.

Both companies emphasised that they were more than happy to respond to shareholders' requests for just this sort of clarification. Sir John said that he was pleased to see shareholders actively looking after thei rown interests. "I have been grizzling at them for too long about their indifference," he said.

Continued from Page 1

French budget

general 10 per cent offset against tax.

Two area of expenditure are *being held to lower-than-normal* increases: administrative costs will rise by 11.9 per cent while Government intervention in industry and the public sector will cost only 9.9 per cent more because of recent moves to limit subsidies to public and State enterprises and put up the cost of a wide range of services including electricity, communica*tions and transport*.

Other priority areas which receive large spending increases are agriculture, education, youth programmes and sport, job training and defence.

The cost of debt financing will rise by 37.8 per cent.

Continued from Page 1

Invisible exports

projection of a £750m surplus for 1978 looks out of reach.

The detailed breakdown on invisibles shows the surplus on services fell by £134m, to £590m. There *was a sharp decline* in earnings on City financial services from the exceptionally high first quarter—down from £469m to £355m, with a £79m decline in insurance.

The net surplus on travel of £181m in the second quarter was slightly larger than in the previous *three months, but over the* first half as a whole the surplus has been running a third below last year's level.

Weather

UK TODAY

CLOUDY, some fog and rain with bright intervals.

London, S.E., E. Anglia, E. Midlands, Channel Islands

Fog early, bright intervals, some showers. Max. 18C (64F).

Cent. S., W. Midlands, S.W. England

Early fog, some rain. Max. 17C (63F).

N.E. England, Lakes, Borders, Edinburgh, Dundee, S.W. Scotland, Glasgow, Cent. Highlands, Argyll and N.W. Scotland

Cloudy some fog and rain with bright intervals. Max. 16C (61F).

Wales, Isle of Man, N. Ireland

Some fog, rain. Max. 16C (61F).

Aberdeen, Moray Firth, N.E. Scotland, Orkneys

Cloudy, fog, some rain. Max. 14C (57F).

Shetland

Cloudy, some rain. Max. 12C (54F).

Outlook: Unsettled, cloudy, some rain.

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	24	75	Jersey	C	15	64
Algiers	S	30	56	Las Plms.	S	26	79
Biarritz	R	18	64	Locarno	F	22	72
Blackpool	F	15	64	Majorca	C	24	75
Bordeaux	C	21	70	Malaga	C	29	84
Boulogne	C	15	59	Malta	S	27	81
Casblnca.	S	23	73	Nairobi	S	24	75
Cape Tn.	C	16	61	Naples	F	24	75
Corfu	F	26	79	Nice	S	23	73
Dubrovnik	R	17	63	Nicosia	S	27	81
Faro	F	25	77	Oporto	F	22	72
Florence	F	28	[illegible]	Rhodes	S	28	82
Funchal	F	24	75	Salzburg	F	22	72
Gibraltar	S	26	79	Tangier	F	25	77
Guernsey	C	16	61	Tenerife	F	21	70
Innsbruck	C	17	63	Tunis	F	29	84
Inverness	F	16	61	Valencia	C	25	77
I. of Man	C	15	59	Venice	F	25	77

F—Fair. S—Sunny. R—Rain. C—Cloudy.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	F	18	64	Luxembg.	R	14	57
Athens	S	27	81	Madrid	F	23	73
Bahrain	S	34	93	Manchstr.	R	12	53
Barcelona	R	21	70	Melbourne	R	15	59
Beirut	S	28	82	Milan	F	24	75
Belfast	C	14	57	Montreal	C	17	63
Belgrade	C	25	77	Moscow	F	16	61
Berlin	S	17	63	Munich	F	19	66
Birmghm.	C	17	63	Newcastle	R	12	54
Bristol	C	18	64	New York	S	23	73
Brussels	F	18	64	Oslo	C	14	57
Budapest	C	23	73	Paris	C	18	64
B. Aires	C	11	52	Perth	F	16	61
Cairo	S	33	92	Prague	F	20	68
Cardiff	C	18	64	Reykjavik	S	12	54
Chicago	S	23	73	Rio de J'o	C	25	77
Cologne	R	14	57	Rome	S	25	77
Copnhagn.	F	16	61	Singapore	C	29	85
Dublin	C	16	61	Stockholm	C	16	61
Edinburgh	C	15	59	Strasbrg.	R	19	66
Frankfurt	C	18	64	Sydney	C	19	66
Geneva	R	19	66	Tel Aviv	S	27	81
Glasgow	C	15	59	Tokyo	S	25	77
Helsinki	F	14	57	Toronto	S	20	68
H. Kong	S	[illegible]	[illegible]	Vienna	F	23	73
Jo'burg	C	18	64	Warsaw	F	17	63
Lisbon	S	24	75	Zurich	F	19	66
London	C	18	64				

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.